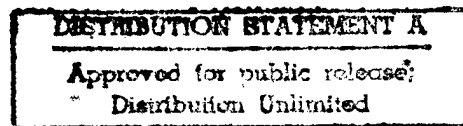


802160

JPRS-LAM-85-075

5 September 1985

# Latin America Report



19980722 087

DTIC QUALITY INSPECTED 4

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
U.S. DEPARTMENT OF COMMERCE  
SPRINGFIELD, VA. 22161

DTIC QUALITY INSPECTED 5

4  
119  
A00

## NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

## PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

5 September 1985

# LATIN AMERICA REPORT

## CONTENTS

### INTER-AMERICAN AFFAIRS

Latin American Congress on Foreign Debt To Be Held in October (BUSQUEDA, 11 Jul 85).....	1
Smuggling Operation From Brazil Into Uruguay Uncovered (LA MANANA, 10 Jul 85).....	2
Uruguay, Brazil Study Feasibility of Railway Line (Luis Custodio; LA MANANA, 9 Jul 85).....	3
Briefs Sarney, Alfonsin Meeting	5

### ARGENTINA

Grinspun Addresses Rural Migration to Urban Cities Problem (AMBITO FINANCIERO, 10 Jul 85).....	6
Briefs Soviet Gold Mining Interest	7
Steel Exports to China	7
Meat Exports Up Slightly	8

### BRAZIL

Medical Exam Shows Sarney To Be in Good Health (O ESTADO DE SAO PAULO, 6 Jul 85).....	9
--	---

### CHILE

Christian Democrat's Zaldivar on Plebiscite (Mariana Grunefeld; QUE PASA, 8-14 Aug 85).....	13
--	----

ANALISIS Interviews Andres Zaldivar (Andres Zaldivar Interview; ANALISIS, 13-20 Aug 85).....	16
Declaration Issued at Havana Debt Conference (ANALISIS, 13-20 Aug 85).....	19
Labor Leader Says General Strike Necessary (Havana International Service, 16 Aug 85).....	21
COLOMBIA	
Briefs	
Foreign Currency Reserves	22
Export Statistics	22
Ambassador to Switzerland	22
COSTA RICA	
Arias, Calderon on Ways of Dealing With Refugee Problem (RUMBO CENTROAMERICANO, 4-10 Jul 85).....	23
Names, Addresses of Alleged Arde, Contra Supporters Listed (LIBERTAD REVOLUCIONARIA, 14-20 Jun 85).....	26
NETHERLANDS ANTILLES	
Briefs	
November Aruba Parliamentary Elections	27
NICARAGUA	
German Woman Doctor Relates Odyssey of Capture by Miskitos (TAGESZEITUNG, 8 Jul 85).....	28
Opposition Parties Evaluate FSLN Achievements, Failures (EL NUEVO DIARIO, 15 Jul 85).....	31
Import-Export Group Holds National Assembly (LA PRENSA, 19 Jun 85).....	37
PSD Leader Criticizes FSLN Economic Policies (LA PRENSA, 13 Jul 85).....	39
Prices to Producers Raised for Coffee, Cotton, Basic Grains (BARRICADA, 5 Jun 85).....	41
Micoín Announces End of Payment in Kind (BARRICADA, 1 Jun 85).....	43
Union Leader Describes Deterioration in Workers' Conditions (LA PRENSA, 10 Jul 85).....	45

Individual Titles Granted To Resettled Peasants (BARRICADA, 22 Jun 85).....	47
Briefs	
Yugoslav Credits	49
EPS Promotions	49
PARAGUAY	
Impact of Hydroelectric Projects on Foreign Debt Analyzed (Anibal Miranda; ULTIMA HORA, 6 Jul 85).....	50
International Reserves Decline to \$400 Million (ULTIMA HORA, 11 Jul 85).....	54
Industry, Commerce Minister Opposes Currency Devaluation (ULTIMA HORA, 11 Jul 85).....	56
January-May 1985 Inflation Rates Estimated at 3.1 Percent (ULTIMA HORA, 12 Jul 85).....	58
Pros, Cons of Currency Devaluation Viewed (Eduardo Miranda; ULTIMA HORA, 12 Jul 85).....	60
Government Budget Deficit Reaches 31 Billion Guaranis (ULTIMA HORA, 13 Jul 85).....	62
Itaipu Loans, Total Foreign Debt Viewed (Ricardo Canese; ULTIMA HORA, 13 Jul 85).....	65
UIP Executive on Need To Promote Small, Medium Industries (ULTIMA HORA, 15 Jul 85).....	68
IMF Advocates Complete Economic Reorganization (ULTIMA HORA, 17 Jul 85).....	71
URUGUAY	
Sanguinetti on Human Rights Violations, Other Issues (Julio Maria Sanguinetti Interview; SOMOS, 21 Jun 85).....	73
Amnesty International To Open Local Branch (BUSQUEDA, 11 Jul 85).....	77
Poll Shows Support for Government Waning (AFP, 9 Aug 85).....	79
IDB Funds Allocated To Export Sector (LA MANANA, 11 Jul 85).....	80
Canapro Releases 1985 Economic, Agricultural Plan (LA MANANA, 11 Jul 85).....	82

Briefs		
Commerce Ministry Proposed		98
VENEZUELA		
Morales Bello to Run for AD Presidential Nomination (EL UNIVERSAL, 13 Jul 85).....		99
Poll Shows Dissatisfaction With Administration's Performance (EL UNIVERSAL, 14 Jul 85).....		102
MAS Candidate for Presidential Elections (EL UNIVERSAL, 16 Jul 85).....		108
CEV Concludes 44th Congress, Issues Pastoral (EL UNIVERSAL, 14 Jul 85).....		110
Cumana Bishop on Social Pact, Other Issues (Mariano Parra Leon Interview; EL UNIVERSAL, 14 Jul 85)...		112

JPRS-LAM-85-075  
5 September 1985

LATIN AMERICAN CONGRESS ON FOREIGN DEBT TO BE HELD IN OCTOBER

Montevideo BUSQUEDA in Spanish 11 Jul 85 p 10

[Text] The Latin American Parliament will hold an extraordinary session in Montevideo between 10 and 13 October to cover the topic of the Latin American foreign debt.

The deputy of the Broad Front, Yamandu Fau, and six other Uruguayan legislators were part of the delegation that went to Rio de Janeiro for this latest session of the Latin American forum. He told BUSQUEDA that a report on this will be presented to the Uruguayan Parliament next week.

It will detail the events of the meeting in which a large delegation from the European Parliament participated as observers. Uruguay supported the Brazilian initiative for the meeting and offered to host it.

This proposal was approved by President Sanguinetti. The meeting will be held in the Salon de Actos of the Montevideo Intendancy (due to its infrastructure). A commemorative ceremony will also be held at the Legislative Palace.

The report of the Uruguayan legislators will include the appointment of Senator Alberto Zumaran to the vice presidency of the Latin American Parliament and a motion Fau presented (that was approved) to recommend to the OAS and the United Nations that the dissolution of parliaments democratically elected be declared an international crime.

The Latin American Parliament paid homage to Uruguayan legislators Hector Gutierrez Ruiz and Zelmar Michelini assassinated during their exile from Argentina in 1976. It also approved the admission of Cuba which was opposed by the European delegations, Paraguay and El Salvador and unanimously supported by the Uruguayan representatives.

The proposal for broad debate on the foreign debt found the greatest opposition among the Europeans and some Brazilian, Peruvian and Argentine parliamentarians who constitute what has been called "the old guard," identified with conservative positions according to Fau.

Fau indicated that the Uruguayan presence at the forum had "a dynamic and stimulating effect." He noted the importance of the October meeting for our country.

The meeting will have government support. Transportation and lodging expenses will be paid for by the foreign delegations.

7717

CSO: 3348/844

INTER-AMERICAN AFFAIRS

SMUGGLING OPERATION FROM BRAZIL INTO URUGUAY UNCOVERED

Montevideo LA MANANA in Spanish 10 Jul 85 p 13

[Text] Merchandise smuggled from Brazil and valued at around 1 million new pesos was seized in different operations by personnel of the General Services Directorate of the National Customs Directorate. The merchandise consisted of electrical appliances, automobile hoods, lights, radios and food of every type. A Maverick automobile was also brought in illegally at Chuy. These were seized between Lascano and 18 de Julio.

The merchandise was transported in a car and six rented tour buses.

In the zone between Lascano and 18 de Julio, Customs officials stopped a car with Montevideo license 108.098 for a routine inspection. The two occupants fled.

They were arrested after a chase through the mountains. When the vehicle was inspected, many packages of Brazilian tobacco smuggled into our country at Chuy were found. Both men are under the jurisdiction of the justice department.

Six Buses

Pursuing smuggling operations, personnel of the General Services Directorate of the National Customs Directorate inspected six rented tour buses in the Chuy zone.

A lot of contraband was found inside. Brazilian articles brought in illegally like electric appliances, automobile hoods, lights, radios and food of every type were seized.

Meanwhile, a Maverick automobile brought into our territory illegally was also seized.

The authorities valued the contraband at 1 million new pesos, a major amount. The case went to the corresponding justice department.

7717  
CSO: 3348/844



INTER-AMERICAN AFFAIRS

URUGUAY, BRAZIL STUDY FEASIBILITY OF RAILWAY LINE

Montevideo LA MANANA in Spanish 9 Jul 85 p 40

[Article by Luis Custodio: "Uruguay-Brazil Railway Connection Analyzed"]

[Text] Rivera--In the last week of July, delegates of the Brazilian and Uruguayan railroads will meet in Rivera through ALAF [expansion unknown].

The vice president of AFE [State Railways Administration], Jesus Fernandez, reported this during his visit to this border city accompanied by Colorado deputy Tabare Viera. "It is a very important meeting since there are ports that compete with each other: Rio Grande, recently remodeled, and our port of Montevideo which will be restructured by the National Ports Administration. This will give it greater possibilities."

The integration mentioned by the director of the railway entity is aimed at the AFE's possibilities for business with Paraguay. "One enterprise asked us to transport 200,000 tons of soybean to the port of Nueva Palmira. We are going to have to remodel the coastal line from Bella Union to Colonia and construct the segment to that port."

Foreign Consultation

As is known, a British consultant will begin a very important job in the next few days. "The first measure that we adopted was to sign the contract for that enterprise to make a detailed study of the situation and future possibilities. We must prepare ourselves to receive an important trade flow through integration with international transportation. It is necessary to start from scratch."

"The AFE is considered a deficit entity but it isn't. I can explain it very easily. Automotive transportation pays a tax on national routes for maintenance. This eases the burden of the Ministry of Public Works. The AFE is not only responsible for transportation but must face the other task--that is, keep the rail network in good shape. At this time, we are working with 30 percent of our possibilities. Our alleged deficit is 40 percent of the AFE expenditures. The remaining 60 percent is subsidized by public revenue. The major portion will be used in the future for necessary repairs."

The consultant will present her study in the middle of 1986. "We cannot base the future on the past. We have to be geared up for the new projections and plan for the next 30 years, at least. This work can mean the complete restructuring of the rail network: a new layout with new routes and modern machinery. We have to compete in a world that has become more technical."

#### Far North

Referring specifically to this zone, he considered it very important. "It is a vital link with the Brazilian railroads. If we consider that the country to the north is an excellent client of ours, we have to concern ourselves with channeling the merchandise by viable means. One brewery exports a large quantity of barley to Brazil each year and has maintained contacts with the entity so that this Rivera line will have acceptable traffic conditions. Naturally, we have to face this very responsibly."

The installation of a portico at the Rivera Station is already an example of the importance of the existing railway port. "We must face reality. Some time ago, a storm destroyed a bridge between Tacuarembó and Rivera and a 'bailey' was put up. Now we have contracted with the owners of that bridge, the Armed Forces, for 6 months more. During that period, we will have to find a final solution, the construction of a new bridge."

One of the most widespread complaints of the people of Tacuarembó and Rivera is the express train between these two cities. "I cannot promise a prompt return of the well-known 'Tacoma' but we will do a study on it. We know that it is an area whose only exit is the railroad. There is a major passenger demand but everything comes under a plan of priorities that we must follow."

The visitor ended saying that there are many priorities. "Before investing in completing a utopic bridge like the one at Kilometer 329, we must think about allocating the \$2 million we need to buy ties that we have to import from Argentina. Each one costs \$18. Uruguay needs 50,000 ties per year. Right now we use national ones made of eucalyptus, not quebracho like they should be. Work is being done on firm bases and there will soon be concrete responses."

7717

CSO: 3348/844

INTER-AMERICAN AFFAIRS

BRIEFS

SARNEY, ALFONSIN MEETING--Brasilia, 15 Aug (EFE)--Brazilian Foreign Minister Olavo Setubal today confirmed that Argentine president Raul Alfonsin and his Brazilian counterpart Jose Sarney will meet in mid-October on the Argentine-Brazilian border. Setubal stated that the meeting will be held on the occasion of the inauguration of the so-called friendship bridge that will link the two countries. The construction of this bridge was started by former Argentine President Rafael Videla and former Brazilian President Joao Baptista Figueiredo. According to government sources, during the meeting the presidents will discuss aspects to promote greater diplomatic and commercial relations between the two countries. [Text] [Madrid EFE in Spanish 1351 GMT 15 Aug 85 PY]

CSO: 3348/912

ARGENTINA

GRINSPUN ADDRESSES RURAL MIGRATION TO URBAN CITIES PROBLEM

Buenos Aires AMBITO FINANCIERO in Spanish 10 Jul 85 p 17

[Text] Highlighting the importance of small- and medium-sized human settlements as an alternative to the growth of Latin America against the disproportionate concentration in the big cities, Bernardo Grinspun, secretary of planning, inaugurated the preparatory meeting of the Conference on Population and Small- and Medium-Sized Cities of Latin America and the Caribbean.

After thanking the Center for Urban and Regional Studies for organizing the meeting and the U.N. Fund for Population Activities for sponsoring it, the former minister of economics pointed out that "the population settlement phenomenon cannot be visualized as an event which is isolated from the urbanization and concentration process" in the region.

Grinspun warned that if the disconcerting rural-to-urban migration trend continues, toward the end of the century the metropolization of Latin America would be cause for worry. For this reason, the secretary of planning of Argentina emphasized that "these trends impose a task of great importance in terms of public policies," implying that in the demographic planning the idea of creating new cities should not be ruled out. According to Grinspun, "the big cities in Latin America will have to absorb an average of 13 million people per year in the period from 1980 to the year 2000."

As an example, he mentioned that in 1950, of the ten largest urban areas in the world, only one, Buenos Aires, was in Latin America." However, he warned that "the population estimates for the year 2000 show that three Latin American cities will be among the ten largest in the world, and two of them, Mexico City and Sao Paulo, will occupy the first and second place with an estimated population of 31 and 26 million people, respectively."

Against this scenario, the former minister urged the implementation of policies that encourage the strengthening of the cluster integrated by small- and medium-sized cities, pointing out that "the countries which want to establish a set of policies to better their urban systems by the year 2000 should make an effort in the planning stage and define appropriate growth strategies that reflect those objectives in an explicit and implicit way."

ARGENTINA

BRIEFS

SOVIET GOLD MINING INTEREST--Engineer Juan Barrera, Argentina's secretary of mines, mentioned the possibility that the Soviet Union could participate in the gold mining projects of "Valle del Cura" and "Retamal" in the province of San Juan, and in other gold mining projects in the country. Barrera, who is in San Jaun as a special guest of the Mining Chamber of Calingasta to inform them about the mining expansion plan, revealed that next October "we could have a definitive idea with regard to the participation of the Soviet Union in two projects of gold mining in this province." In this regard, he said that two alternatives are being considered. The first one--he added--"is based on the presentation of several alternative projects or to foresee that the province pay with other metal products the carrying out of the project's pre-feasibility studies." [Text] [Buenos Aires AMBITO FINANCIERO in Spanish 10 Jul 85 p 14] 12501

STEEL EXPORTS TO CHINA--Colonel Roberto Huber, Director of Altos Hornos Zapla, confirmed that 15,000 tons of steel will be sent to China from Buenos Aires in the next few days and that another similar shipment to that country will take place before long. He pointed out that presently the market is somewhat depressed, but he did not hide his optimism about the promising future of the enterprise if sales keep constant and growing. The director of Altos Hornos Zapla, an iron and steel industry complex located 15 kms from this capital, stated that "we have supplied the lack of our own steel by turning to Somisa, and in that way I can say that Zapla did not fail its commitments." At the same time he announced the starting of operations of the fourth furnace. In addition, Colonel Huber said that "this year we will sell around 150,000 tons of steel" and that "the third and fourth furnace have a production capacity of 150 tons of scrap iron a day, while the fifth one has a capacity of 250 tons a day, the second one, 50 tons a day, and the first one no longer exists." [Text] [Buenos Aires AMBITO FINANCIERO in Spanish 6 Jul 85 p 6] 12501

MEAT EXPORTS UP SLIGHTLY--A moderate increase was experienced in June by the exports of cattle meat, which reached an equivalent of cattle with bone weight of 25,000 tons, 13.6 percent more than the 22,000 tons in May. In spite of that, this larger volume of exports did not mean an increase in the volume of foreign exchange, due to the reduction of the average price. The total for the first 6 months of 1985 amounts to 119,000 tons, 20.7 percent lower than the 150,000 tons for the first semester of last year, and 46.2 percent lower than the 221,000 tons for the same period of the year before last. The value of cattle meat and meat by-products exports amounted to \$26.9 million in June, against \$26.2 million in May, with an average of \$22.9 million for the first 5 months of this year. By country of destination, the U.S., the EEC, Israel, and Angola occupy the first four positions, representing about 85 percent of the total volume of shipments. The significant absence of the Soviet Union (which last year was our main customer) continues, and the agreement and letter of intent signed with Egypt are not reflected yet. [Text] [Buenos Aires AMBITO FINANCIERO in Spanish 10 Jul 85 p 20] 12501

CSO: 3348/846

BRAZIL

MEDICAL EXAM SHOWS SARNEY TO BE IN GOOD HEALTH

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Jul 85 p 4

[Text] The persistent speculations that President Jose Sarney is about to surrender to fatigue, reinforced in recent days by tensions with Ministers Francisco Dornelles and Nelson Ribeiro, yesterday led him to submit himself to a 3 hour and 20 minute battery of clinical, radiological and cardiological examinations.

The president allowed himself to be convinced by his closest advisers that it was the best way to refute the image which threatened him in these first months of government: A hypertensive and fragile man before the expected clashes with his ministers.

To this is added the intention of his aides to change an aspect which today prevails in the relationship between Jose Sarney and his 27 ministers. "They, the ministers, have been acting as if they were over the president because they were legitimatized by being selected by Tancredo Neves," explained the presidential spokesman.

The idea, which began to gain momentum yesterday, is to show that President Sarney is physically able and with undeniable authority over his subordinates. Or in the words of his adviser, the president needs to make it clear that his pulse and heart are strong enough for handling the reins of government. Sarney's aides themselves admit they were remiss when the image of a tense man of fitful sleep, always taking dozens of medicines, began to emerge during the dying days of Tancredo Neves. "Now that is enough," said the adviser, who asserts that the episodes with Dornelles and Nelson Ribeiro had a positive result because they showed the need for the president to change his style.

The chief of the Medical Service of the Presidency of the Republic, Col Messias Dias de Araujo, declared that the president, after the general health examination, "is very well and within the limits of normalcy." The preventive check-up, as it was called by Araujo, showed that Sarney's blood pressure, which was measured four times in the period from 0820 to 1115, was 12 over 8 and 12.5 over 7.5 [as published, presumably 120 over 80 and 125 over 75].

Four dentists also attested to the fact that everything is perfect with respect to his mouth. Sarney was examined by cardiologists Alcides de Almeida and Jeferson Wolney de Mattos; by radiologist Manoel Aparecido Gomes da Silva and by general practitioner Geraldo Luiz de Oliveira, all of the Medical Service of the Presidency. Cardiologist Osorio Luiz de Almeida and gastroenterologist Alexandre Gomes Ferreira of the Armed Forces Hospital also participated in the checkup at the invitation of Colonel Dias de Araujo, who coordinated the examination.

Today, in the second and last phase of the examination, the president will wear a small device for 12 hours. It weighs 300 grams and is attached to his belt. It is called a holster and it indicates the frequency of heartbeats. Two wires emerge from the holster and run under his shirt and are attached to his chest. According to Dias de Araujo, this monitor is called a dynamic electrocardiogram, and functions as an electronic doctor, operated by four batteries and a tape cassette on which the heartbeats are recorded. Its function is the evaluation of the behavior of the heart in certain day to day reactions of a person.

The chief of the Medical Service of the Presidency revealed that since he assumed the post 90 days ago, after leaving the Rio Military Polyclinic, he had been insisting that the president submit to the examinations. "Just imagine, how I would have felt if something had happened during that period," he said, saying that he is "extremely satisfied" with the results of the checkup. He also said that he learned from the press that the president has hypertension. The last time he was subjected to examinations was at the Heart Institute in Sao Paulo early in April under the supervision of cardiologist Fulvio Pillege, chief of that service. On that occasion, as now, the principal medical recommendation made to the president was that he engage in physical exercise; more precisely, that he walk a kilometer in 10 minutes every day. Depending on the reaction of his body, the length of the walk could be increased. He was also told to be moderate in his intake of heavy food. Last Saturday, according to one of the presidential advisers, Sarney was stricken by an allergy after eating cracklings at his country place at Sao Jose do Pericumã.

The president promised to heed all recommendations, according to the doctor. Only on one of them, that of reducing the number of audiences, did he refuse to promise. Col Messias de Araujo did not suggest a holiday for Sarney "based on the premise espoused by President Tancredo Neves that holidays are only for eternity."

He also reported that the 1,480 employees of Planalto Palace will be subjected to a preventive checkup, beginning with the ministers of the household. After all those who serve in the Presidency are examined in their order of rank, the examinations will be extended to the other ministers.

#### Suspense

The news that the president was being subjected to a medical board caught the employees of Planalto Palace by surprise, except those who worked in the area of the annex where the Medical Service is located, who had been notified beforehand of the president's presence. Among the employees who work in the area outside the palace, the greatest surprise was the arrival of the presidential



motorcade of five automobiles without Jose Sarney. Before any great speculations were made, however, they were informed that the president had already been dropped off at the annex to undergo the examinations.

#### The New Team Takes the Tension of Government Well

The medical examinations to which President Sarney submitted yesterday gave rise to a question: How is the health of the New Republic? Even with the strikes, the disputes between ministers and the confusion of the Minister of Agrarian Reform, it is good. At least that is what the doctors say. Reasons for worry about the physical condition of Brazilian government leaders are not lacking after the scares with former President Figueiredo and the drama of President-Elect Tancredo Neves. However, medical reports assert that the present administrators resist the tensions of government.

In the case of President Sarney, the doctors' care is because he has a history. In January 1982, then head of the PDS [Social Democratic Party], Sarney was staggered by the death of his friend Tauser Quindere, the former director of the DNOCS [National Department of Drought Control], and he suffered a bout of hypertension and was admitted hastily to the Santa Casa of Sao Luis. He then came to Sao Paulo where he was subjected to preventive examinations at the Heart Institute.

At that time Sarney was 51 and already maintained an intensive political activity in Brasilia and Maranhao. Doctors recommended he cut down on salt in his food and prescribed some medicines for hypertension. The president has the advantage of being a moderate eater and drinker and he does not smoke. At this time he complains more about insomnia, a discomfort he had before.

There are others in government who have medical records which require that they have care but they also are maintaining a normal work rhythm. A record holder in bypasses (he has six), Minister of Justice Fernando Lyra engages in sports daily and always carries a North American novelty. It is a sort of plastic card which when pressed with the fingers shows by its color how blood pressure is. Up to now everything is going well despite the rebellions by the PMDB [Brazilian Democratic Party Movement] members in Congress and the protests by performers against censorship.

Another illustrious person with a bypass is the former minister of culture and present governor of the Federal District, Jose Aparecido, one of the promoters of the candidacy of Tancredo Neves. As governor, he solved in weeks what the police of the Old Republic never did: He cleared up the murder of newsman Mario Eugenio. Minister of Foreign Affairs Olavo Setubal was operated on for prostate problems last year and recovered.

Minister Aureliano Chaves had two serious health problems when he was Joao Figueiredo's vice president: He was hurriedly operated on for a fistula in Belo Horizonte. At the end of the past government, he fell from a horse at his ranch of Tres Pontas and was subjected to surgery once more in Brasilia. He participated actively in the negotiations around the creation of the Democratic Alliance and he continues to exercise with dumbbells.

Minister Antonio Carlos Magalhaes, who seriously broke his leg during the 1982 electoral campaign, is today one of the most active promoters of the "new PDS" without Maluf.

#### Heart

In the Old Republic, the Figueiredo Government, in addition to charges of corruption and economic chaos, became known for the health problems of the government team, particularly heart problems. Figueiredo himself suffered a heart attack in September 1981 and was operated on later in Cleveland (a bypass consisting of a saphenous vein and a mammary artery). He finished his term with serious back problems, which led him to a new operation.

Two ministers died of cardiac problems: Petronio Portella, who refused to go to the hospital even after he had the attack, and gen Jose Maria de Andrada Serpa. Another three had bypasses: Walter Pires, Delio Jardim de Mattos and Helio Beltrao. Aureliano was hospitalized twice and Murilo Macedo had a bout with high blood pressure during one of the strikes by the metal workers.

8908

CSO: 3342/220

CHILE

CHRISTIAN DEMOCRAT'S ZALDIVAR ON PLEBISCITE

PY172301 Santiago QUE PASA in Spanish 8-14 Aug 85 pp 10, 11

[Article by Mariana Grunefeld]

[Text] A document with the title "A solution based on reason and not on force" written by Andres Zaldivar is freely circulating among all political leaders. The subject of the document is Chile and its political crisis; and it proposes to summon a plebiscite. Would it be feasible? Let's see... QUE PASA has read the nine page document.

It begins by saying "It is an objective fact: the country is experiencing a crucial moment in its historical destiny." This is the starting point of this analysis by Christian Democrat Andres Zaldivar who is aware of "a deep crisis that affects the economic, social, political, international aspects, and, we must admit, also the moral aspect of life."

In view of this reality, the country has two alternatives according to Zaldivar, who outlines them in his document: One of the alternatives is the government proposal and it is seen as the only path by its followers. This alternative intends to fully respect the contents of the 1980 Constitution: to maintain the state of exception until 1989 without institutional modifications, including the transitory reforms and the possible reelection of General Pinochet. The other alternative is that of the "so-called dissidence," which Zaldivar seems to presume to be united for this purpose. This alternative proposes to put an end to the current regime and to establish a democracy by means of electing a constituent assembly. It also proposes to attain a consensus to carry out an--unspecified--emergency plan and to reestablish all the fundamental freedoms, and therefore end the state of exception.

However, the document points out that "Both groups claim the support of the majority of the citizens..." and that "the two alternatives are like two parallel lines which will never meet..." however, it also states that "One will impose itself upon the other, as long as one outpowers the other by the use of force and not only of weapons, or by any other mechanism of violent expression to win over the others. This that the country would find its 'solution' by the imposition of force and not of reason."

The solution to the situation proposed by Zaldivar is the following: to summon a plebiscite to allow the citizens to vote in favor or against either alternative. The conditions for a plebiscite would be the following, according to Zaldivar:

--The suspension of the state of exception.

--A 4 month term between the summoning and the actual plebiscite, to allow the creation of electoral lists made by experts based on a fraud-preventing system.

--To allow the most absolute freedom of the press during that period, including the formation of new newspapers and to guarantee equal availability of television time.

--To name an interior minister who will give full guarantees to the whole country, and who would have control over the security services, the civilian and the military police.

The appointment of a Supreme Electoral Court made up by the president of the Supreme Court of Justice; a former president of the Senate or of the Chamber of Deputies; a former comptroller general of the Republic; the president of Santiago Court of Appeals; and a former commander in chief of the Armed Forces and of the forces of order.

--The suspension of the validity of the transitory articles of the 1980 Constitution as of the beginning of the plebiscite.

Zaldivar is clear in his statements regarding a government win: "The opposition would promise to recognize the legitimacy of the regime and of the 1980 Constitution without precluding that this constitution be modified in the future through the mechanisms it provides. The opposition likewise promises to participate in the institutions established by the Constitution and to respect its terms."

... However, if the opposition wins, these would be the terms it would demand:

1. The complete suspension of the 1980 Constitution in its full contents.
2. The establishment of a transitive and collegiate executive branch with solely administrative powers but with the possibility of treating political or legislative matters as an exception. This executive branch would be made up of: the president of the Supreme Court of Justice; a representative chosen by draw between a former Senate president and a former president of the Chamber of Deputies; a representative chosen by draw among the body of retired Armed Forces and of forces of order, of generals and admirals.
3. This executive branch should soon appoint a 50-member constituent assembly. (It does not specify why it should be 50.) The constituent assembly should propose to the nation a new constitution in 3 months time, and allow the

alternative of the 1925 constitution. These alternatives should be decided by a plebiscite to be carried out a month after it is revealed to the executive branch.

4. If approved, the constitution will go into effect 2 weeks thereafter.
5. Once the constitution is in effect, the executive branch will call for elections of the definitive authorities within a maximum period of 90 days.
6. The actions of the provisional executive branch will be regulated by the 1925 constitution and, whenever its provisions are NOT applicable, by its democratic spirit that will give priority to the principles of equity and ethic.

This is Zaldívar's crusade. He says so in the document that bears no signature. "We call upon all Chilean men and women without distinction, the labor, professional, political, and cultural organizations, which are in favor of a transition to democracy through peaceful means, to adhere to this crusade and to mobilize themselves to demand from the authorities, through all the legitimate means of civic expression the calling of a plebiscite in the form or conditions that have been herein stated, or in others that are equivalent."

Is it viable? Is it utopian? At any rate, secretly, the politicians have taken it seriously...

CSO: 3348/911

CHILE

ANALISIS INTERVIEWS ANDRES ZALDIVAR

PY180210 Santiago ANALISIS in Spanish 13-20 Aug 85 pp 23, 24

[Interview with Christian Democratic International President Andres Zaldivar granted to a team of ANALISIS journalists and compiled by Patricio Acevedo--time and place not given; quotes as published]

[Text] [ANALISIS] Lately you have been speaking about the moral collapse of the regime. On what grounds do you claim this collapse?

[Zaldivar] Wherever there are secret detention places, wherever torture is looked upon as a normal procedure, wherever there is repression based on a war concept called national security doctrine, wherever people are persecuted simply because their ideas are suspect, the end result is total disintegration. The fact that we are witnessing a war--that looks like a gang war--among agents of these secret organizations which are beginning to inform on each other, leads us to the conclusion I have mentioned: moral collapse.

[ANALISIS] Do you believe that this moral collapse means that the regime is about to fall apart?

[Zaldivar] I believe that this kind of regimes are like statues with clay feet. They remain upright despite the fact that one knows full well what their feet are made of: clay. However, when the people are able to shake their feet, the monsters collapse. This happens to all strong-arm regimes. This does not mean, however, that the people are about to do something to topple the regime. The important thing is to find out why they cannot do it. In the case of Chile the people cannot take this step because of the deep crisis prevailing in the country where, whether we like or not, various sectors of the opposition have chosen different strategies. Some want to enact a peaceful transition to democracy, myself included, while others--I believe them to be a minority--lean toward violent procedures, although I do not believe that they are even capable of carrying them out despite the fact that there are undoubtedly some terrorist groups in the country. The very existence of these groups makes a confrontation with the regime more difficult.

"In the final analysis, the important thing is to get there, respecting each other's ways and means, but the important thing is for all of us to get there.

"The problem is for the opposition to come up with a driving idea that could set the civilian society as a whole into motion, without making it an issue whether some are communists or not, which is the game the government wants us to play. We must come up with this driving idea which can be picked up by the citizenry and implemented. Within the framework of a mobilization--along peaceful lines, of course--we must not allow ourselves to be frightened by the government each time someone hurls a stone and the regime claims that violence comes from the opposition. We are not the source of violence. Violence comes from the dictatorship. We Chileans are the ones that supply the dead, the wounded and the prisoners. Society must be mobilized in order to compel the regime to give us what is rightfully ours and not continue enduring this interdictory state."

[ANALISIS] Among the various solutions proposed, one is Monsignor Fresno's call for reconciliation. However, some people say that this call excludes a sector that, whether some like it or not, is part of this country, namely the Democratic and Popular Movement [MDP]?

[Zaldivar] I feel that the cardinal's efforts are positive because they are aimed at seeking agreements even if said agreements are restricted to certain sectors. It is equally important for all civilian sectors to begin assuming responsibilities so as to come up with a set of common demands directed at putting an end to the regime.

"The problem arising from the PC's [Communist Party] nonparticipation in this type of talks stems mainly from the communist's reiterated support for the violent approach. I even think that this attitude is a tactical error on the part of the PC first, because the violent approach cannot take us to democracy, second, because whatever violence can be used against the regime would be senseless because it has no chance to succeed at all, and third, because my background and beliefs lead me to dislike violence. I feel that the PC is making a mistake and this is why it is sometimes excluded from political meetings.

[ANALISIS] Reconciliation has been based on truth and justice. One could say that the AD has been based on truth and justice. One could say that the AD has been more inclined toward reconciling with the right than with the left. How can truth and justice be reconciled with those who have been accomplices of the regime or at least have kept quiet during all these 12 years?

[Zaldivar] Any solution must be based on truth and justice, not on vengeance which leads nowhere. The Democratic Alliance has guidelines that it is highly unlikely to foresake. It started with the right that remained loyal to democratic principles as was the case of the Republican Party and from there on it has tried to establish relations with the rest of the right. This does not mean that one must forget basic things and attitudes toward the total respect for human rights.

"As for the left, I believe that the AD has gone as far as it can, which means accepting democratic socialism. From my international experience I

know that democratic socialism--especially in Europe--has been a key element in preserving political stability. It has provided left-wing options. Then there is the problem with the Chilean PC, which is an age-old problem, because their political project is not aimed at a final democratic formula. They do not believe in our kind of democracy. They believe in a different kind of democracy.

[ANALISIS] Do you believe that the problem of violence is a matter of principles, an ethical problem, or merely a political problem?

[Zaldivar] It is basically an ethical problem, it is not that violence has no room in political struggle. I cannot say that there will not be violence here in the future. But I must try to do my best to prevent this violence from erupting. The cost of violence is too high and the people are the ones that pay it.

[ANALISIS] The Democratic Intransigence [ID] has been proposing a common objective to terminate the regime. It has proposed a constituent assembly, an emergency government, but although you initially participated in the talks, in the end you did not support the ID. Why?

[Zaldivar] Because that was not the idea. The initial project was that a group of personalities should make a call for joint effort above and beyond alliances, that it should not be a mere coalition of parties, because that is when the cracks start to pop up. I want to be perfectly clear about this, we must all respect each other's position. But, we must also realize that if we are unable to stage a joint mobilization through joint means toward the joint objective, which is to put an end to dictatorship and return to democracy, the prospects for a solution and dialogue will get dimmer and dimmer.

[ANALISIS] Does this mean talks with the Armed Forces?

[Zaldivar] If we want a peaceful solution we will have to negotiate with the Armed Forces anyway. The other approach is to overthrow the Armed Forces and I am against that. First, because I do not believe in this approach and second because anyone that would try it now is either suicidal or a madman.

"At present a dialogue with the Armed Forces is not possible. The conditions are not right. There was a chance in 1983 when the opposition got moving and put the regime against the wall. But, as long as the country remains quiet and fearful the Armed Forces are unlikely to be willing to negotiate. Negotiations normally take place only when there is a conflict. Thus, we must create a conflict situation but not through violence."

CSO: 3348/911



CHILE

DECLARATION ISSUED AT HAVANA DEBT CONFERENCE

PY171859 Santiago ANALISIS in Spanish 13-20 Aug 85 p 7

[Text] We Chileans, gathered on the occasion of the Latin American and Caribbean foreign debt conference in the city of Havana, agree to express on our personal behalf the following:

1. First, the nearly 100 Chileans who participated in this conference, many of whom are exiles, wish to express our satisfaction at having had the opportunity to meet in a fraternal atmosphere in the city of Havana, which has received us within a framework of a broad and pluralistic meeting that has gathered persons from the most diverse nationalities, ideologies, and professions. We have had the opportunity to listen to the opinions of five former Latin American presidents; to other Latin American personalities from different governments; to bank, commerce, industry, and agricultural sector personalities; and to labor, youth, military, and church representatives.
2. The purpose of this meeting was to discuss thoroughly and to seek ways to solve the Latin American and Caribbean foreign debt problem, which represents a dramatic obstacle to the dignified development and freedom of our people and future generations.
3. This situation, which affects the Third World in general and Latin American in particular, is especially serious in the case of Chile; not only because most of the debt in the latter's case was contracted by private financial groups, unfortunately with state guarantees, to enrich a few, but because it has put Chile in a vulnerable and asphyxiating situation, jeopardizing its sovereignty and the survival of its people in order to service the foreign debt. We believe that the solution to our foreign debt problem will come when we attain a great democratic national agreement disregarding the ideological, social, or political differences of the Chilean people. This will require democratic coexistence internally, as well as an agreement of unity with the rest of the Latin American countries.
4. The importance of the subject and the richness of the debate prompt us to discuss the most relevant aspects of this conference in Chile. We will therefore hold a press conference on this subject in Santiago.

Havana, 3 August, 1985.

Aedo, Juan Carlos; Albrecht, Carlos; Aliaga, Maria Ester; Almeyda, Clodomiro; Arancibia, Sergio; Aravena, Raul; Aviles, Felix; Baez, Eduardo; Bahamondes, Alejandro; Baltra, Mireya; Barros, Ricardo; Barrueto, Victor; Bitar, Sergio; Borquez, Graciela; Brito, Raul; Bulnes, Manuel; Bussi de Allende, Hortensia; Bussi Vidal, M. Ines; Calderon, Rolando; Cantuarias, Orlando; Cardenas, Hernan; Cardenas, Juan Pablo; Castillo, Marcelo; Ceballos, Florencio; Celedon, Roberto; Contreras, Marcelo; Corvalan, Luis; Chonchol, Jacques; Diaz, Alvaro; Diaz, Mario; Domper, Angel; Drago, Rolando; Dreckman, Kurt; Duque, Ximena; Enriquez, F. Edagrdo; Estevez, Jaime; Fazio, Hugo; Figueroa, Uldericio; Furche, Carlos; Galiano, Jose; Garcia, Luis Felipe; Garreton, Oscar Guillermo; Garreton, Roberto; Gazmuri, Jaime; Gumucio, Cesar; Hales, Patricio; Harnecker, Marta; Howcker, Loreto; Jana, Efrain; Jiles, Pamela; Koch, Enrique Alfonso; Lavandero, Jorge; Letelier, Fabiola; Littin, Miguel; Livingston, Duncan; Loyola, Eduardo; Malvenda, Nora; Maroto, Rafael; Martinez, Silvia; Melo, Galvarino; Mimica, Sergio; Miranda, Guillermo; Miranda, Hugo; Monckeberg, Maria Olivia; Morales, M. Angelica; Moreno, Roberto; Moya, Carlos; Munoz, Herald; Namuncura, Domingo; Nunez, Juan Ramon; Nunez, Ricardo; Olivares, Arturo; Orostica, Jose; Oyaneder, Manuel; Pascal, Andres; Quinzio, Jorge Mario; Reitze, Christian; Ruiz, Eduardo; Ruiz, Julio; Sanhezuza, Manual; Schatan, Jacobo; Silva, Moncho; Solis, Isidro; Squella, Oscar; Sule, Anselmo; Thayer, Luis Eduardo; Tomic, Radomiro; Valencia, Eduardo; Valenzuela, Ivan; Urrejola, Rafael; Valladares, Oscar; Vergara, Raul; Walker, Ignacio; Yankovic, Dragomir; Viskovic, Pedro.

CSO: 3348/911

CHILE

LABOR LEADER SAYS GENERAL STRIKE NECESSARY

PA170245 Havana International Service in Spanish 0000 GMT 16 Aug 85

[Text] In statements to ANALYSIS, an opposition magazine, Rodolfo Seguel, president of the National Workers Command [CNT] of Chile, has said that conditions exist in the country to facilitate mobilization of the workers and progress toward a general strike. Arturo Martinez, secretary general of that trade union organization, also told the magazine that the strike is necessary in order to begin a greater offensive against the dictatorship. He added: If we are capable of paralyzing the country, we could move on to the next step, which is a general strike for an indefinite period of time. They both said that the CNT will conduct a public demonstration in Santiago on 20 August, and a new national antidictatorship campaign scheduled for 4 September will be actively promoted.

Other press dispatches say that in the city of Punta Arenas, a civil disobedience campaign, which consists of not paying gas bills, has begun. Doctors in Punta Arenas also agreed to go on strike in their private clinics to demand the suspension of the government's repressive measures against Dr Pedro Castillo, president of the National Commission Against Torture, who was arrested and later sent into internal exile in an inhospitable area of the country.

CSO: 3348/911

COLOMBIA

BRIEFS

FOREIGN CURRENCY RESERVES--A report issued by the Bank of the Republic revealed that of 12 July, foreign currency reserves had made a significant recovery, and now totalled \$1,872,500,000, only \$108.1 million less than the same period last year. Income from trade totalled \$2,242,800,000, while outlays were reduced to \$2,419,100,000 because of a reduction of imports. Net capital flow increased to \$161.4 million. [Summary] [Bogota EL SIGLO in Spanish 1 Aug 85 p 9 PA]

EXPORT STATISTICS--Colombian exports totalled \$729.8 million during the first semester of this year compared to \$624.4 million during the same period in 1984, the Colombian Foreign Trade Institute reported. The export of nontraditional products experienced a growth of 16.8 percent, increasing from \$624.4 million during the first semester of 1984 to \$729.8 million in 1985. Minor exports, excluding coal, ferro nickel and bananas, show a growth of 14.7 percent compared to the first semester of 1984 increasing from \$494 million to \$566.6 million. Coffee exports increased 2.4 percent. During the first 6 months of 1985, Colombian exports reached \$1,665.7 billion which is \$127.3 million more than in 1984. Exports in the industrial sector experienced a growth of 20.4 percent with respect to 1984 increasing from \$287.1 million to \$345.8 million, which is \$58.8 million more. [Summary] [Bogota EL SIGLO in Spanish 9 Aug 85 p 10 PA]

AMBASSADOR TO SWITZERLAND--Foreign Minister Augusto Ocampo has sworn in Alfonso Fidalgo as the new Colombian ambassador to Switzerland during a ceremony that took place at San Carlos Palace. [Text] [Bogota EL TIEMPO in Spanish 18 Aug 85 pp 11 PA]

CSO: 3348/892

COSTA RICA

ARIAS, CALDERON ON WAYS OF DEALING WITH REFUGEE PROBLEM

San Jose RUMBO CENTROAMERICANO in Spanish 4-10 Jul 85 p XII

[Text] Every week RUMBO CENTROAMERICANO asks the opinions of the two main candidates for the presidency of Costa Rica representing the democratic parties, Social Christian Unity and National Liberation. Their respective candidates, Rafael Angel Calderon Fournier and Dr Oscar Arias Sanchez, will be asked a question every week about their government programs or about current topics. This question can be formulated by journalists or readers of the magazine. Both agreed to collaborate with this new project with the understanding that if one of them does not answer the question asked, the space allocated for his response will remain blank. This will be a permanent section until the general elections in February 1986.

A dramatic note has been presented in the Legislative Assembly, asking the government to take measures to end the invasion of refugees in the country. How would your administration solve this problem?

Dr Oscar Arias

It does not seem like an "invasion" to me. The tragedy in Central America displaces thousands of people from their countries in search of security, peace and freedom. They overcome enormous obstacles to come to Costa Rica because ours, thank God, is a hospitable and protective land for all who suffer persecution for political, religious or any other reason. They know that, in our fatherland, they will find the shelter of the democratic system that we Costa Ricans have constructed. We Costa Ricans are doing humanitarian work which is indispensable and inevitable because we are in Central America and we are part of this zone tormented by extremist forces of the right and left.

The refugees are the product of those regimes where human rights are violated.

Although there are no easy ways to end the exodus or keep the refugee from being a burden to the country that receives him, my government will respect the historic Costa Rican tradition of showing hospitality to those persecuted for political reasons.

My foreign policy will be very dynamic in order to motivate international public opinion so that refugee quotas are set and third countries grant asylum to

those who are in our centers. The large Latin American countries have a stronger duty in this.

I will once more ask for broad and effective participation from the UNHCR, the CIM [International Immigration Committee] and other humanitarian agencies.

An important part of my refugee policy will be to guarantee adequate supervision during their stay in our country so that they are not abused.

I think it is important to offer them a lasting solution--that is, train them in all fields so that they can join the national production process.

The current government has done a praiseworthy job to give order to the chaos left by the government of the Unity which was even acknowledged by top UNHCR officials. However, it will be necessary to take urgent measures to make the study, acceptance or rejection of the displaced stricter in the refugee centers to prevent escapes. All this should mainly be financed by international organizations and private foreign institutions.

Rafael Angel Calderon

Costa Rica has always been known for its absolute respect for human rights. It has denounced--and will continue to do so in the future--any violation of these rights in fraternal nations. Physical abuse, arbitrary arrests, loss of freedom and every type of abuse in the name of democracy have led to a real invasion of refugees in recent years, first from El Salvador and, in the last 3 years, mostly from Nicaragua. Costa Rica should not close its borders to those who flee from their native countries, seeking a haven of peace, freedom and democracy here.

The problem is so serious that it leads us to suggest a solution to its implications. According to official data, 250,000 refugees (equivalent to 10 percent of the national population) live in our country. This unquestionably has to be analyzed carefully and seriously. Due to a lack of adequate legislation, political refugees, refugees, victims of natural disasters, common criminals, immigrants, war refugees, military deserters and those who commit acts of violence come into the country, all called refugees.

They can all be categorized based on international law but that distinction does not exist in Costa Rica. This leads to confusion and other consequences.

It is vitally important to categorize these refugees to clear up Costa Rica's real international obligations and the possibilities of regulation within a framework of respect for rights.

A clear view of the concept of refugee is indispensable for the defense of Costa Rican interests facing this immigration crisis. This would make it possible to apply effective immigration legislation against foreigners who are in Costa Rica illegally and without papers.

Our legislation is absolutely inadequate concerning refugees. We are only governed now by the 1951 Geneva Convention and its 1967 Protocol and by an

executive decree of 29 August 1983. The first two are, by nature, general and require adequate national legislation to be able to effectively confront the problem. The mentioned decree is incomplete, inadequate and very unrealistic.

There is no law in Costa Rica that concerns itself with refugees based on the needs of this historic time. That is something that must be taken care of immediately.

To close our borders to refugees would not be just and would go against a century-long tradition that we want to continue.

Notions or improvisations are not enough to solve such a delicate problem. Something much more in-depth is required. We are willing to undertake that task.

7717

CSO: 3248/467

COSTA RICA

NAMES, ADDRESSES OF ALLEGED ARDE, CONTRA SUPPORTERS LISTED

San Jose LIBERTAD REVOLUCIONARIA in Spanish 14-20 Jun 85 p 3

[Text] The following is a preliminary list of people, mostly Nicaraguans, who work for ARDE [Democratic Revolutionary Alliance] and other "contra" organizations. They also directly participate in actions against Nicaragua while they maintain close ties with Costa Rican rightist organizations and politicians, particularly the Free Costa Rica Movement.

Carolina Portocarrero, student, Luna Park de Paso Ancho; Maria Garcia Garcia, domestic worker, Paso Ancho; Angela Trinidad Martinez, cook; Isabel Lopez Altamirano, secretary, Alajuela, telephone 41-72-81; Francis Bermudez Arce, Restaurant La Cascada, 400 norte and 100 este; Rosario Vega Roman, secretary, telephone 28-60-06; Brenda Bojange, civil engineer, Calle Fallas, Desamparados; Rosalpina Pastora Almanza, student, La Florida de Tibas; Jesus Escobar Zelaya, professor, Pavas; Margarita Corbelo Lackwood, teacher, Pavas; Carlos Jose Pillarte Chamorro, unionist, Residencial Jose Maria Zeledon; Ricardo Perez Herrera, student, Los Pinares development; Victor Manuel Espinoza Trana, office worker, Ciudadela Montufar, Tres Rios; Carlos Lacayo, telephone 31-34-91 or 31-26-80; Julio Bonilla, administrator, ANUDE [expansion unknown]; Pedro Rojas Rivera, chauffeur, San Juan de Tibas; Felix Abea, office worker, Residencial El Encanto; Josefa Baez Herrera, office worker, Residencial El Encanto; George Arnauero Martinez, accountant, road to Escazu; Miguel A. Porras Roman, businessman, Aserri; Marco A. Lacayo Blandon, student, 100 south of the Argentine Embassy; Edgar A. Trinidad Navas, student, Paso Ancho; Jose Rivera, administrator, Mexico district; Godefrey A. Henry Coulson, cook, 200 north of Iglesia Santa Teresita; Jorge Jimenez Mejia, pressman, Quesada Duran; Luis M. Calderon Cruz, driver, San Miguel de Desamparados; Jose D. Romero, Mexico district; Carlos Noe Ortiz Torres, illustrator, San Rafael Abajo de Desamparados; Santos Esteban Ulloa Gonzalez, craftsman, Los Angeles district; Delano Martin Zamora, accountant, Pavas; Rafael Zelaya Herrera, worker, road to Escazu; Mauricio Alvarez Guillo, student, telephone 23-03-52; Roberto Perez, builder, La Aurora, Heredia; Diego Muniz Gallegos, representative of foreign businesses, Paseo Colon; Gustavo Valladares, student, 300 norte, 200 este and 50 norte Parque de La Amistad; Julio C. Alvarez Davila, 75 north of Omar Dengo School; Jose Octavio Jiron, industrial engineer, Segunda Avenida Pharmacy; Rene Ortega, student, Mexico district; and Adelina Barquero, Santo Domingo, Heredia.

7717  
CSO: 3248/467



NETHERLANDS ANTILLES

BRIEFS

NOVEMBER ARUBA PARLIAMENTARY ELECTIONS--Oranjestad/Willemstad (Netherlands Antilles), August 1--The Caribbean island of Aruba, set to gain separate status from the Antillean six-island federation on January 1, 1986, will go to the polls on November 22 to elect the first Aruban parliament, the island's legislative assembly ruled yesterday. Aruba is due to pull out of the federation on January 1 next year as the first step on the road to full independence in 1996. The arid island of 67,000 people will then become fully self-governing with its own currency, judiciary and civil service, although The Hague will retain responsibility for defence and foreign affairs. [Text] [The Hague ANP NEWS BULLETIN in English 2 Aug 85 p 2]

CSO: 3200/52

NICARAGUA

GERMAN WOMAN DOCTOR RELATES ODYSSEY OF CAPTURE BY MISKITOS

West Berlin TAGESZEITUNG in German 8 Jul 85 p 7

[Text] Regine Schmemann, well rested in excellent condition. physical and psychological condition, was returned to officials from the FRG embassy at the military airport at Tegucigalpa on Friday. A few minutes later she was able to throw her arms around her sister, who, at the request of the Honduran government, was not permitted to attend the official return. Exactly 3 weeks after having been abducted by a commando of the Indian rebel organization Misura, the German biologist was free again. Toward the end, the US government also played a major part by exerting discreet but decisive pressure on the Honduran government and the Misura leaders.

In relating her odyssey through the Mosquitian forest and swamps on both sides of the Rio Coco, Regine Schmemann speaks with the voice of a woman who has been through a very intense experience. She repeatedly stresses that she was treated well by her abductors and companions, and she reminds you that her two Nicaraguan assistants, Jorge Canales and Fausto Christy, are still being held by Misura. When she no longer had reason to fear for her life -- 2 or 3 days after her abduction -- Regine Schmemann began to view this unique experience as just that and to make the best of it.

It all started on 14 June. At 5 o'clock in the morning, Regine Schmemann, accompanied by two assistants, a chauffeur and a handful of workers, left Puerto Cabezas to go to the tree nursery at Tuapi, 12 miles away. Just before they reached Tuapi, they were stopped by a Misura commando. Schmemann and the two forestry assistants were taken captive, and the others were sent away on foot. The troopleader, speaking in an aggressive tone, accused Schememann of being a communist, "from a country where everyone is a militarist." She cautiously tried to explain to him that the FRG was in no way a communist country. "He did not have the slightest idea where the FRG was, and so I wanted to make him understand that I was helping the people with my reforestation work, because the forests are a natural resource belonging to everyone." The leader then took her watch and necklace from her and decided to take the captives to his superior. "During the trip to the makeshift camp, which was

a few kilometers away, I feared for my life for a second time -- the guy didn't know how to drive a car at all."

The platform truck used in the forestry project was shut off just outside the camp. Schmemann was then introduced to "El Viejo" ("the old man"), who was about 40 years old, was not Miskito, and could read. "El Viejo" repeated the accusations that she was a communist and a Sandinista soldier, although none of the captives were armed or wore only partial uniforms. "Otherwise we probably wouldn't be alive today." Then he checked the documents" and assured me that we would be treated well so that we could later say that we had been treated well."

Around 6 in the evening, the three abductees were taken by canoe through a labyrinth of lagoons and canals to a more permanent camp located further north in the vicinity of Pahara Lagoon. The commander there was called Aguila Dos. Two other commanders, Audaz and Granada, both about in their mid-twenties, were later to accompany Schmemann on the long march to Honduras. The three captives were subjected to psychological stress for the first time in this military camp. First, Fausto was threatened with execution, and then the night guards talked about who they should kill the next day in voices that could be overheard. The three captives spent almost an entire week in this camp which consisted of open huts with roofs made out of palm leaves. Highly poisonous coral snakes were killed frequently. Food consisted of rice and beans, sometimes only rice, and once there was turtle.

Between 10 and 40 Misura fighters camped here, and at first the atmosphere was aggressive, stirred up by an Adventist pastor who called the camp to mass every day at 5 in the morning and in the afternoon. "After a while, we began to sing and pray along with the others. We joined in so as not to provoke any aggression against us." Commander Granada later sent his pocket edition of the Bible to the German woman in order to help her wile away the long hours of monotony. On the way to the base, two women who had hoped to be taken along in the boat to Puerto Cabezas joined the group and suddenly found themselves forced to sleep with the commanders. Schmemann, who received nothing more than verbal overtures, was left alone.

On Thursday (20 June), the captives were finally told they were leaving for Honduras where they would be handed over to the Red Cross. On Friday morning, they headed northwest, and on Tuesday, the three and their 25 companions reached the border river Rio Coco. During all these days, not one Sandinista troop or reconnaissance plane was to be seen or heard anywhere. When they reached the northern bank, the travellers were received by a Miskito family that had prepared roast venison, obviously anticipating guests.

During the tiresome journey through the forest, across the endless plains and through the swamps of Mosquitia, any remaining tension between the captors and the captees dissolved and a sort of camaraderie developed: they shared the few cigarettes and the scant food. The Moskitos, who for the most part were little more than adolescents between 15 and 20, told Schmemann about their mostly bad experiences with the Sandinistas and helped her understand what it was like to be a Miskito, which would hardly have been possible under other circumstances. "Actually, most of them fell in the end in love with me a little bit, and two practically got into a fight over me."

By now, she had decided to make the best of whatever happened and above all not to show any weakness. She resolved not to give indication of fatigue and not to complain about the food or inconveniences.

The group spent one night on the bank of the Rio Coco, and then the hardest stretch followed: a 5 hour march through the swamp. "The water came up to our hips, and I had to take off my sneakers to keep them from getting stuck in the mud." During this time, a painful blister developed on the bottom of her foot. Her dungarees felt like lead, and at nightfall the group arrived completely exhausted in the village of Tipi, where about 20 Nicaraguan refugee families lived in addition to the Honduran Moskitos. The next day, it took only about 2 or 3 more hours to reach Auka, where US missionaries from dubious sects such as "The Bible Speaks" work. These missionaries supplied the travelers with fresh clothes. The group finally started out again on Friday, heading up a branch of the Rio Coco in a canoe to the village of Arum Laya, where exclusively Nicaraguan Moskitos live.

Most of the people here were refugees, but there were also some armed Misuras. From what Schmemann observed, almost all the equipment the fighters had came from USA stocks and was the same as that of the Honduran army. But she also found it credible that Misura had not received any supplies directly from the CIA during the last year and a half and that the organization was having to make do by fighting with rejects from the FDN.

The captives lived among the refugees in Srum Laya for several days until members of the Honduran military finally came on Tuesday night to get Schmemann. They came dressed in civilian clothes so as to maintain the appearance that there was no cooperation between the army and the contra groups. That night they took Schmemann on a strenuous trip by boat and car to the military camp at Mocoron, where first lieutenant Luis Alonso Discua was in charge. Jorge and Fausto had to remain behind because of orders from above.

Schmemann spent the last days as a closely guarded "guest" of the military, who treated her exceptionally politely. Although she originally was supposed to have been released to Embassy Counsular Wenzel and Red Cross delegate Desmeules on Wednesday, she was not actually returned until Friday because it had not been decided in Bonn who would pay for the charter flight home.

Schmemann, who flew to Mexico the day after her release, accompanied by her sister Christine and with temporary documents, does not think it would be a good idea for her to return to Nicaragua at the present. In any case, she cannot continue with her work in Puerto Cabezas, because Misura would take her return as a provocation. Wycliff Diego, a member of the Misura general staff, has expressly warned embassy officials against her return.

12399  
CSO: 3420/75

NICARAGUA

OPPOSITION PARTIES EVALUATE FSLN ACHIEVEMENTS, FAILURES

Managua EL NUEVO DIARIO in Spanish 15 Jul 85 pp 1, 12

[Text] After 6 complete years of the revolutionary process in Nicaragua, the political parties that oppose the current government but are independent from Washington gave widespread recognition of the political and administrative work of the FSLN [Sandinist National Liberation Front] but also sharp and precise criticisms.

The president of the National Assembly of the PLI [Independent Liberal Party] and its parliamentary representative, Dr Juan Manuel Gutierrez, for example, feels that one of the most positive achievements was the FSLN taking the vanguard in all the political, economic and social sectors of Nicaragua to overthrow Somoza, "one of the most opprobrious and bloody dictatorships in America."

However, Dr Gutierrez feels that 6 years after that historic feat, "we have really advanced very little." He stated that what he calls the "great union of the Nicaraguan people" "has been completely decimated" instead of strengthened.

Gutierrez said: Division between classes, politicians and even families has worsened to the extent that active participants and armed soldiers in the fight against Somoza "are now on the opposite side," fighting to overthrow the government because they see "that the original principles and program have been changing little by little to the advantage of the party in power."

What He Values

The speaker acknowledged that the FSLN has done many positive things in these 6 years, like nationalization of the mines and banks and the elimination of old repressive laws.

The creation of the single health system "that permits all the people, without distinction, to receive free medical care in the state centers" is also important. He pointed out the National Literacy Campaign and the Adult Education Program as other important social conquests.

However, still implacable, the veteran leader of the PLI criticized "the indiscriminate confiscation of goods" that even affects those who cooperated

with the revolution and the so-called "absentee law." In his opinion, these mechanisms overwhelm the government administration, distract it from its social duties and provide "luxurious residences for members of the FSLN."

#### What He Criticizes

He also criticized the seizure of agricultural-livestock products destined for the market. This measure makes them expensive and in short supply because the farmer only produces what is necessary for his subsistence. Dr Gutierrez also attacked "the devaluation of the currency without real wage readjustments," the "mistaken foreign policy that earns the enmity of other countries, mainly neighbors," and the lack of freedom in many aspects.

Gutierrez mentioned the advance censorship of the communications media and the Patriotic Military Service Law which, according to him, "does not have adequate rules and regulations and serves to defend one single party."

The veteran jurist and opposition politician did not mention the U.S. aggression against Nicaragua in his statements.

Finally the PLI leader, Dr Juan Manuel Gutierrez, attacked the revolutionary government for "its anomalous way of promulgating laws that are applied immediately, even retroactively." In his opinion, this "brings uncertainty and instability."

#### Socialist Party

Another opposition opinion of the 6 years of revolution was formulated for EL NUEVO DIARIO by Dr Gustavo Tablada Zelaya, general undersecretary of the PSN [Nicaraguan Socialist Party]. To him, "the main achievement so far is having won political independence, national sovereignty and our people's right to self-determination."

Tablada said that this achievement is precisely what upsets imperialism and provokes the aggression that we have suffered for more than 3 years. The surgeon and Marxist-Leninist politician also indicated the National Literacy Campaign as a great effort by the youth "who continue responding responsibly to their tasks." The practice of preventive medicine through the popular health campaigns made it possible to eliminate poliomyelitis. "We can be proud and be an example to other peoples in America," he exclaimed.

As to political advances, he pointed out holding elections and the subsequent establishment of a National Assembly "that, despite its limitations and inadequacies in functioning, we can rate as a great step in the political institutionalization of the revolutionary process."

He added that through the National Assembly "political pluralism, which is its constant effort, becomes more valid. This will have to materialize in the Constitution which will be drawn up beginning next year."

## Socialist Criticisms

The PSN's concerns about the revolutionary process are, according to Tablada, nonexistence of a real economic policy based on the needs of the Nicaraguan society.

He recognized the existence of brutal foreign aggression "but that is not the only cause. There are also mistakes in planning the national economy. We do not see enough sensible measures to change or improve that situation," he stated.

The socialist leader also referred to the democratization of the country in general. Tablada said: "Although we recognize achievement in creating the National Assembly, its functioning is not essentially democratic. There is an unnecessary division between those who enjoy and those who do not enjoy the benefits of being in one faction. That parliamentary differentiation should not have been established."

Finally, expressing concern about the situation of U.S. military aggression and the existence of difficult relations between Nicaragua, the United States and Central America, Tablada said that the PSN is firmly convinced that a joint effort toward patriotic, democratic and anti-imperialist unity must be made in this country to repel the aggression, counteract all imperialist actions against the Nicaraguan people and their revolution and, at the same time, resolve the economic problems.

## Return to FPR

Based on patriotism, democracy and anti-imperialism, Tablada recommended, in the name of the PSN, that all aware political forces sit down responsibly to discuss and make the necessary domestic and foreign agreements to lead to a situation of real stability. These agreements would permit the revolution to advance and the achievements that would be obtained to be fully enjoyed by all Nicaraguans.

According to Tablada, this is an invitation to the FSLN to make this effort. He explained this meant "to again take up that idea of the FPR [Revolutionary Patriotic Front] which, much to our regret, had to be dissolved."

## MAP: Bourgeoisie Gaining

In another evaluation, Carlos Cuadra Cuadra, representative to the National Assembly and secretary of parliamentary affairs of the MAP-ML [Marxist-Leninist Popular Action Movement], said that in these 6 years of revolutionary process "we have regressed in the construction of socialism in Nicaragua."

He said that the popular victory of 19 July 1979 began an advantageous period for development and organization of a revolutionary process.

"However, our party feels that the current tendencies lead toward a blockade of the revolution because the political influence that the bourgeoisie has been gaining means virtual measures of control over the masses."

The development of the embryos of popular power after the popular insurrection has been stopped and bureaucratic schemes that weaken the defense capacity of the revolutionary process have been implanted.

Cuadra Cuadra continued that, from the strategic point of view, "we feel that it is still a favorable situation for the proletarian revolution in Nicaragua."

"In order to be able to make that possibility concrete, the Nicaraguan workers must mobilize and advance concretely by uniting their own power which, obviously, goes against the bourgeois power and the pretensions of imperialism."

#### Something Positive

To Carlos Cuadra, the negative tendencies he indicated also include the latest government economic measures "since they basically favor the attempt to choose a capitalist solution to the crisis--that is, a solution at the expense of the workers."

The leader of the MAP-ML, however, considers it positive that there is a clear political determination by our people to resist the imperialist aggression. There is also maturation of the political awareness of the masses.

He stated: "The masses are already beginning to understand that the strengthening of the Nicaraguan process means strengthening the political presence of the workers in it."

#### Conservative Evaluation

Gustavo Mendoza Hernandez, secretary of finance and PCD [Democratic Conservative Party] representative to the National Assembly, felt that "6 years is not enough time to really judge such an individual and young revolution as the Sandinist revolution."

To this PCD leader, many of the mistakes of the FSLN are based on the fact that it took power "without the number of cadres needed to channel the country democratically."

That led to arbitrary and irrational confiscations and lack of means of action for political opposition to Sandinism. Revanchism has appeared, not among top leaders but the intermediate cadres "who get the short end of the stick," Mendoza said.

However, he said, "I feel that there have been very important achievements of the revolution at all levels. The elections, for example, were a very important achievement because they marked the separation of powers."

He continued: "Another important achievement is the fact that there will be municipal elections which means there will be more peace and more participation by the opposition parties."

He emphasized: "It can be pointed out that the majority of the people are participating in the important posts of public administration. In the past, only bureaucrats and thieves participated."



The leader of this historic opposition party stated that, with all its limitations, the revolution encourages a system of productive financing that is "the broadest ever." He noted that he states this as a cattleman of the private sector and after all the opinions he has collected among other agricultural and livestock producers. They receive important financing to work and produce.

#### Social Christian Evaluation

In a recent interview, the top leader of the Popular Social Christian Party, Mauricio Diaz Davila, also evaluated the 6 years of the revolution.

"Like any process of transition from a 50-year-old dictatorship to a democratic regime, these 6 years have been characterized by great social tension fed by the normal conflicts that the revolutionary changes in the political, economic and social sectors arouse in Nicaraguan society. That tension is aggravated by a war whose origin lies in the attempt of the largest and strongest country in the world to overthrow this revolution."

The former opposition presidential candidate revealed: "In these 6 years, we can point out the reduction of the illiteracy rate as a great success of the revolution.

"It is also right to point out other great efforts in health, transportation and housing and in starting great strategic projects for agroindustrial development to break the ties of dependence.

"The beginning of the process of democratic institutionalization in Nicaragua and holding elections with participation by the most representative political parties of the country should be evaluated as successes." He added "the beginning of the discussion of the new Political Constitution of the country through the National Assembly."

The Social Christian representative to the assembly and Parliament leader said: "But after these first 6 years, we think that the FSLN as government party has the urgent responsibility of finding peace for Nicaragua and making efforts to resolve the galloping economic crisis that afflicts us."

#### Achilles' Heel

"Seek domestic social recomposition, avoiding an increase in conflicts with the weightiest political, social and economic sectors in the country."

To Mauricio Diaz, the great "Achilles' heel" of the Popular Sandinist Revolution is that it has based the search for peace on international factors, taking importance away from the elimination of internal conflicts through dialogue.

He said: "It is counterproductive if while the government demands that the United States return to the negotiating table in Manzanillo, it does not accept different initiatives for dialogue that fully recognized parties that are members of the National Assembly propose."

He explained: "These initiatives, like the one issued by the Popular Social Christian Party, are based on the need for domestic social recomposition capable of creating a national anti-intervention bloc that, at the same time, promises the different sectors to energetically encourage national reconstruction."

#### "Lame" Anti-Imperialism

He commented that after 6 years, the FSLN also must be more consistent with its postulates, not only defining, at the constitutional level, the type of political regime that will govern in our country, not only shaping the concepts of political pluralism, mixed economy and international nonalignment in the Constitution, but effectively respecting the private sector in all its manifestations and dimensions.

Insisting that the application of the concept of nonalignment be improved, Diaz stated that the FSLN has been practicing it "unidimensionally" like a "lame" anti-imperialism. It systematically denounces U.S. outrages and its presence in different parts of the globe but hides the same type of actions by the Soviets in countries like Poland or Afghanistan.

Mauricio Diaz Davila said this at the conclusion of his evaluation of the 6 years of the Popular Sandinist Revolution.

7717

CSO: 3248/472

NICARAGUA

# IMPORT-EXPORT GROUP HOLDS NATIONAL ASSEMBLY

Managua LA PRENSA in Spanish 19 Jun 85 pp 1, 12

[Text] ANABIE [National Association of Import-Export Merchants] held an important meeting Tuesday with 500 merchants from throughout the country who wanted to be admitted as members of that association.

ANABIE, the only organization in the country representing these activities, has 1,700 members. The objective of its directors is to strengthen it by increasing the number of members.

The meeting that was held in a theater in the capital was led by the following directors: Eduardo Madriz, president; Lidia de Ubeda, treasurer; Fabio Lau, secretary; Francisco Salazar; Filiberto Fonseca; and Edwin Gutierrez, administrative manager.

At the beginning of the meeting, Eduardo Madriz explained to the merchants that ANABIE is an association totally removed from politics and independent. The main objective is to unify these merchants and to fight for their interests, especially in the current situation when commercial activity is subject to various dangers.

The president of ANABIE commented that the work of the import-export merchant is now more important than ever for the economic life of the country which depends mostly on imported products.

He said: "We feel that the merchants who work honestly without an excessive desire for profit should not be hindered."

He added: "At this time the country needs the tenacity and effort of the import-export merchants to bring in raw materials for small industry as well as a number of articles for domestic use which are in short supply mainly because of the current trade blockade."

At the meeting, the new merchants (that is, those not affiliated with ANABIE) also spoke to express various concerns about the future of their activities. They focused on the problem of the commercial license that limits the merchant to importing only the product authorized.

They said: "There are times when that product can not be found or it is not profitable to bring it in. Then the merchant loses time and money by not being able to bring in other articles." They stressed: "We ask that the government, through the Minister of Domestic Trade, change the commercial licensing for better development of our activities."

There was a delegation of merchants from the Atlantic Coast (Bluefields) at the meeting that requested representation on the [directorate] of ANABIE. It answered: "Welcome. We will put this point on the agenda for the next assembly."

The coastal delegation was loudly applauded by the merchants from the rest of the country.

Edwin Gutierrez, administrative manager of ANABIE, referred to the merchants who were unjustly suspended by the Minister of Domestic Trade. He indicated: "To the association, they continue to be merchants with their respective rights. We say that these merchants must never feel replaced in ANABIE by the admission of new members."

7717

CSO: 3248/445

NICARAGUA

PSD LEADER CRITICIZES FSLN ECONOMIC POLICIES

Managua LA PRENSA in Spanish 13 Jul 85 pp 1, 8

[Text] Failure to comply with the original government program, the Fundamental Charter of Rights and Guarantees, sent to the OAS by the government Junta at that time are the main reasons that has kept Nicaragua stuck in the worst disaster that history can bring in the political, economic, military, and social areas, according to Guillermo Potoy, political secretary of the PSD (Social Democratic Party).

The root of the problem is the obstinacy in instituting an alien system which suppresses liberties and represses individuals, contrary to what all of us Nicaraguans wanted to have, contrary to what was the motive of unity in a bloody struggle against the Somoza dynasty.

There was a council of state which was supposed to create the idea that we had a parliament but in practice what they did there was what the FSLN [Sandinist National Liberation Front] wanted to have done.

Now some of the political parties are reduced to nothing more than their leadership group since there has been an attempt to undermine the rank and file by threatening them and sentencing them which is why very few citizens are ready to fight on the civic front so that in this way they are trying to force a single party upon us and that of course is the FSLN.

Commenting on the export situation, we note that we have today fallen below the figures of 7 years ago and that our exports do not even amount to 50 percent of our imports; our imports for the most part are indispensable products and articles needed for defense. It is our understanding that in 1979 we had a debt of \$1.6 billion and today that debt is more than \$4.5 billion.

We know that the incentive for the producer has been shrinking and that the interest of that producer has dropped to a degree never seen before. That leads to a small export volume, shortage of products, and rationing and this also has to do with the Sandinist government's policy of confiscation, seizures, taxes, fines, and other similar means through MICON [Ministry of Domestic Trade] and state enterprises that exercise absolute control over private merchants.

Thus we see that the commercial state enterprises are the biggest monopolizers of goods and that they promote inflation which hits the poorest since wages have increased four times whereas prices have risen 40 times.

The mixed economy is being diluted day after day due to events and practices which are being carried out and the private enterprises that remain are more or less strictly controlled.

Looking at the labor union situation--the PSD secretary general continued--we note that an attempt was made to create a single central labor union organization. However, with the passage of time, this project has turned out to be impossible since the worker comes out in support of demands for things which he did not have before and since the worker knows that the CST [Sandinist Central Organizational Workers] gets orders and guidelines that impair the ultimate purpose of a labor union. The Ministry of Labor imposes its policy to repress and deny status to many new unions within the CUS [Confederation of Trade Union Unity] and the CTN [Central Organization of Nicaraguan Workers].

Regarding health, housing, and education, the situation apparently has been improved in these areas but everything revolves around the policy of the FSLN and things are not as efficient as they could be. Housing: Political requirements for giving away what little is available; Health: More hospitals, less medication and less doctors; education: Programs prepared politically to achieve more militancy and to give the students less actual education.

Nonalignment is something that was written into all documents presented in the revolutionary projects. However, we cannot ignore Russian-Cuban interference in our internal affairs.

Commander Daniel Ortega had to go to Cuba to speak out against a project for aid for the counterrevolution and when that motion was defeated, Commander Ortega had to go for help to the socialist countries, including Russia.

But there is still time for deep thought, says Guillermo Potoy; one must give Nicaragua that which it expected, one must not betray it, one must not impose something upon it that it does not want, such as Marxism-Leninism, because that is the commitment that keeps us in the situation we are now.

5058

CSO: 3248/471

NICARAGUA

PRICES TO PRODUCERS RAISED FOR COFFEE, COTTON, BASIC GRAINS

Managua BARRICADA in Spanish 5 Jun 85 p 5

[Text] Main export products like cotton, coffee and sugar will show price fluctuations during the 1985-86 agricultural period conforming to shifts in the nation's economy. This was the purpose for the conference with farm workers, according to comments yesterday by Comandante Jaime Wheelock.

The prices include production costs for producers with more advanced technology, factors related to profit, labor shortages and productivity.

During the 1984-85 period, a quintal of cotton showed a price change of from 2,250 to 2,240 cordobas, and for the next period, it will be 5,200 cordobas per quintal.

Prices will be linked to productivity above 36 quintals of raw cotton in progressive and proportional cash installments to the producer.

A quintal of pure coffee experienced a change of 300 cordobas for the current period, which will be taken into account as of 1 April with the product sold for profit or to the Nicaraguan Coffee Enterprise [ENCAFE]. This does not include operating costs for the company.

Considering that the cost per manzana is 128,546 cordobas with an average yield of 22 quintals per manzana, the price to the producer for the 1985-86 period will be 7,500 cordobas per quintal.

Comandante Wheelock reported that the sale of pure coffee will be reviewed at a later date as well as the method for dealing with incentive sales, since this year coffee will be included in the incentives which will be paid in cash to producers and will, of course, be tied to quality and productivity.

Sugar, Sesame and Banana

The price of sugar during the 1984-85 period, which was less than what had been estimated relative to production because of damage by rats in many of the sugar cane fields, had to be readjusted from 550 to 650 cardobas per quintal

"This indicates that the price of sugar will have to be readjusted, establishing a consumer price of from 1,100 to 1,500 per quintal beginning this month," stated Comandante Wheelock.

Sesame will have a support price of 1,600 cordobas during the 1985-86 period. Burley tobacco, which has the first planting between October 1984 and March 1985, has an average price to the producer of 3,370 cordobas per raw quintal in the field.

With regard to banana for export, the price is being studied and will be determined in relation to sales in the export program to the West European area.

#### Basic Grains

During the 1985-86 period, a quintal of corn will pay 1,000 cordobas to the grower; the base price for beans will be 2,300 cordobas; sorghum is 650 per quintal for a first-rate crop. The price of rice currently remains stable at 970 per quintal.

Wheelock's associate, Ricardo Coronel Krauty, said that prices to producers for livestock products, announced last 31 May, remain stable.

A dozen eggs on the farm at 105 cordobas per dozen; a pound of chicken at 106; dairies will pay producers 162.50 for milk which means that the consumer price will remain at 12 cordobas per liter.

The price for a steer weighing 210 kilos, which has been at 14,780 cordobas plus the equivalent in dollars for some time, is under review, and a price adjustment is expected in July.

The Ministry of Agricultural Development [MININDRA], is required to review prices every 6 months. There is also a price for the best hides: Class A, 500 cordobas; class B, 350 and class C, 270. Meat has an average price to the consumer of 80 cordobas per pound, not including the viscera.

9787

CSO: 3248/447



NICARAGUA

MICOIN ANNOUNCES END OF PAYMENT IN KIND

Managua BARRICADA in Spanish 1 Jun 85 p 8

[Text] Under an agreement between the Sandinista Central Organization of Workers [CST] and the Ministry of Domestic Trade [MICOIN], workers in those production areas where payment in kind was received until yesterday will be able to draw on their commissary production quotas to meet family consumption needs.

As of today, "payment in kind," which for a specific period of time constituted fair compensation to supplement workers' regular wages, has been suspended by the government as a significant step in meeting the demands of the imperialist war, rewarding all workers equally and solving what has already become a serious political problem for the working class.

MICOIN is the state agency that will handle purchasing and distribution through companies like the National Distributing Company for Fabrics and Shoes for marketing in all commercial outlets in the central commissaries which will begin operations next month. Through this process, prices will be lowered, resulting in a fairer system for the 180,000 workers in the capital city.

Resistance and Manipulation by a Minority

In Texnicsa, Antonio Aguilar, secretary general of the union, expressed his view that the suspension of payment in kind was favorably received by the workers who are preparing to put strong pressure on MICOIN to fully comply with the agreement made with CST several months ago.

Meanwhile, engineer Agustin Vega, director of the textile clothing branch of the Ministry of Industry, said that in companies like Fonatex, Prosan and Agrosa, there was resistance on the part of the workers to discuss these measures.

"In Prosan, they held us for about 3 hours when we came for talks. In Fonatex, there is a noticeable decrease in productivity as well as at Agrosa, a small private company," he added, and he accused the Central Organization of Trade Union Action and Unity [CAUS] of manipulation. "We know that we will not stop the black market with these measures, but the supplies which are received will be on a smaller scale," he stated.

He also indicated that a control phase on production has been initiated in the small industry in which there is no interference with pricing, distribution and production control, and he announced the creation of company committees made up of delegates of the Ministry of Industry, CST, a regional delegate from the Sandinista National Liberation Front [FSLN] and from each production area, who will hold regular meetings to resolve by these means the most sensitive problems in the industry.

9787

CSO: 3248/447

NICARAGUA

UNION LEADER DESCRIBES DETERIORATION IN WORKERS' CONDITIONS

Managua LA PRENSA in Spanish 10 Jul 85 p 12

[Text] The living standard of the workers and their situation as such have deteriorated ever since certain degrees of labor union freedom were obtained a few months after 19 July 1979.

An analysis on this topic was presented today by the well-known labor unionist Carlos Huembes who is currently secretary general of the CTN (Central Organization of Nicaraguan Workers), one of the country's few independent unions.

As an example of the way in which the freedom of the worker has been tightened up over these past 6 years of revolution, Carlos Huembes cited Article 22 which was amended by the government, thus enabling this ministry to provide guidelines on matters concerning collective bargaining.

Another factor that caused deterioration in the situation of the workers is the lengthy procedure the worker has to go through in order to get certain basic products for his home; in some cases, to do that, he has to join organizations which sometimes do not agree with his way of thinking.

"We can say that there were certain margins of labor union freedom during certain months of the year 1979 but this process has been closed down slowly over the years and this resulted in an overall deterioration of freedoms and total decline in the worker's life," Huembes pointed out.

"Apart from that, the workers and the enterprise are not the parties that have the final say in any conflict; instead it is the Ministry of Labor," he said.

Huembes pointed out that, anywhere in the world and during a certain stage in this process, the Ministry of Labor was an amicable arbitrator and worked only to bring about an agreement.

The labor union leader deplored the decline which is taking place in some enterprises where gains achieved 15 and 10 years ago have been lost. As example he cited the case of FETSALUD [Federation of Health Workers] and the Corona oil plant where an attempt is being made to reduce the family allowance of the workers.

As for wages, Huembes said that, along with the loss of collective bargaining, wages are fixed by decree, thus edging the unions out of the wage negotiating process.

He also mentioned the case of SNOTS [National System for Regulating Work and Salaries], a set of regulations on occupations drafted by the Ministry of Labor which the workers still know very little about today.

"But the most serious thing of all is that, after 6 years in power, they continue to apply the old Somoza labor code. The new government has not even been able to come up with a new labor code for the worker," he added.

Another important element in the decline of the working class is the elimination of the Superior Labor Court which was dissolved 2 years ago. "Now the workers have to go through the Court of Appeals, in other words, instead of strengthening that instance to protect the workers, the government leaves the workers defenseless."

What about strikes, Huembes asked himself. "It is practically impossible to do that since--although the government restored the right of speech to any independent union--any union that tries to go out on strike is accused of being with the contras," the leader emphasized.

In this interview of course he could not skip over the agreement between the Ministry of Domestic Trade and the Sandinist Central Organization of Workers on which no independent union was consulted.

Carlos Huembes described this agreement as unilateral and as an assault upon the rights of the workers. "It is a violation of our rights when we have to procure certain products, from food all the way to clothing," he said.

As example he presented the case of the Cerro Mombacho union which was denied a supply of cloth because it refused to join. "In other words, you can say that this agreement officially institutes this practice of forcing the worker to get his products from certain places."

Huembes also mentioned the conversations held on 16 January with President Daniel Ortega who pledged to talk to the various sectors throughout the land. "But inexplicably we suddenly find ourselves stuck with the agreement between the Domestic Trade Ministry and the Sandinist Central Organization of Workers, without considering any union other than the official government-approved union," he added.

"In spite of the limitations we have now, there are more unions affiliated with different federations and there are more collective bargaining agreements," Huembes admitted in concluding his analysis.

5058

CSO: 3248/471

NICARAGUA

INDIVIDUAL TITLES GRANTED TO RESETTLED PEASANTS

Managua BARRICADA in Spanish 22 Jun 85 p 5

[Text] Through a new system of granting titles, the Agrarian Reform will benefit a large part of the peasant population, basically those resettled due to the effects of aggression, incorporation into Agrarian Reform and agricultural-livestock development plans or projects and territorial reorganization of the population.

Julio Francisco Baez, general director of Agrarian Reform, said in an exclusive interview with BARRICADA: "For the first time, Agrarian Reform titles will be handed over to individual peasants in settlements. This is one way to restore ownership to the peasant who is displaced due to the effects of the war of aggression."

Reprogramming of the goals in the Plan for Transformation of the Ownership Structure, Sixth Anniversary 1985, includes granting title to 644,918 manzanas that will benefit 23,526 peasant families through allocations under every system: production cooperatives, individual peasants, special titles and Indian communities.

In response to the aggression and economic boycott imposed by U.S. imperialism and facing the current situation of the revolution, the plan gives more attention to individual peasants, increasing the goal planned in January 1985 from 10,500 manzanas of land to 62,611 manzanas which will benefit 3,616 families.

The title to 36,718 manzanas of land will be presented to individual peasants located in Agrarian Reform settlements. These rights will be granted through an Agrarian Reform title with rights transferable under any legal form after authorization by MIDINRA [Minister of Agricultural-Livestock Development and Agrarian Reform].

Also through this system 1,800 families will benefit from the allocation of 7,000 manzanas of land located in critical zones with a high concentration of small farms.

Baez explained that last year 70 percent of the land was handed over to peasant cooperatives concentrated in the Pacific zone. He indicated that this year 70 percent of the goal of 164,307 manzanas for the production cooperatives

will be in the central interior part of the country, mainly Regions I, V and VI.

He also indicated that the Agrarian Reform will continue to recognize the historical claim of the families on the Atlantic Coast. The goal for the Indian communities is 70,000 manzanas benefitting more than 3,000 families.

Under the category of special titles, Agrarian Reform titles will be presented to more than 5,000 families settled in the former IAN [Nicaraguan Agrarian Institute] plan. Titles will be presented for 76,000 manzanas to peasant families located on national and public lands.

Another feature of the plan, a salute to the sixth anniversary of the revolution, is to achieve efficiency and territorial consolidation of Agrarian Reform enterprises.

Baez said that this implies greater administrative efficiency, organization and territorial extension of the enterprises. Some have more than 200 kilometers for a UPE [State Production Unit].

#### State Lands

The peasant cooperative movement appeared with the revolution that has put more than a million manzanas into its hands. This means it has more land than the state enterprises do. Baez recalled that 698 manzanas under title in Masaya at the beginning of this campaign were exclusive land of the state enterprises.

At the same time, he recognized the position of patriotic businessmen toward the displaced peasants. They opted to sell more than 20,000 manzanas of the land whose titles will be allocated in the next few days.

More than 200,000 manzanas of land will be handed over to some 7,000 peasant families through a special program that will be developed before 19 July in all the regions and special zones in Nicaragua. Baez announced that large peasant rallies will commemorate 16 July, National Agrarian Reform Day.

The celebration in Region III will be in the town of Tipitapa on 13 July. Agrarian Reform titles will be presented to 441 families with an equivalent of 10,000 manzanas for 31 cooperatives. The Managua Plan includes Ticuantepe, Managua, San Rafael del Sur, Villa Carlos Fonseca, San Francisco Libre and Tipitapa.

7717

CSO: 3248/445

NICARAGUA

BRIEFS

YUGOSLAV CREDITS--The president of the Central Bank of Nicaragua, Joaquin Cuadra, and the vice president of Udruzena Beodraska Banka of Yugoslavia, Miodrack Sosevick, signed an agreement for \$10 million yesterday. This line of credit will be used to purchase Yugoslav products such as agricultural and industrial machinery and capital goods needed for Nicaraguan economic development. Comrade Sosevick stated that his people admire the Nicaraguan people's struggle for independence and economic development, indicating that this is only the beginning of fruitful economic relations between the two countries. He pointed out that this is the result of the visit by the president of Nicaragua, Cdte Daniel Ortega, some months ago. He noted: We are going to discuss real possibilities to obtain more aid and lines of credit for the Nicaraguan people and government. Joaquin Cuadra expressed the gratitude of the revolutionary government. He stressed the disinterested aid of a country like Yugoslavia. He indicated that this is a good beginning to our economic relations and we hope to expand them with new projects and lines of credit. We have suffered the consequences of being nonaligned and problems increase due to the positive nonalignment maintained by Nicaragua, according to the president of the Central Bank of Nicaragua. Others present when the agreement was signed were the manager of the Beodraska Banka, Miles Maksic, and Roberto Gutierrez, vice president of the Central Bank of Nicaragua. [Text] [Managua BARRICADA in Spanish 10 Jul 85 p 12] 7717

EPS PROMOTIONS--More than 2,000 soldiers of the EPS [Sandinist Popular Army] were promoted yesterday by the minister of defense, Cdte Humberto Ortega, in recognition of their work in the hard task of military defense of the beset fatherland. Among these 2,000 soldiers, 20 EPS captains were promoted to assistant comandantes. They are: Ramon Arnesto Soza, Filemon Aviles Alfaro, Julio Cesar Aviles Castillo, Bosco Centeno Arostegui, Federico Cerda Mairena, Oscar Cortes Marin, Adolfo Chamorro Tefel, Alvaro Ferrey Pernudi, Francisco Grillo Acevedo, Rodrigo Gonzalez Garcia, Eddy Gonzalez Valdivia, Miguel Guzman Bolanos, Cesar Largaespada Pallavicini, Tomas Maldonado Perez, Denis Moncada Colindres, Victor Moreno Gutierrez, Manuel Rivas Guatemala, Carlos Suarez Gonzalez, Victor Urbina Sevilla and Emerson Velasquez Bucardo. [Text] [Managua BARRICADA in Spanish 14 Jul 85 p 1] 7717

CSO: 3248/472

PARAGUAY

IMPACT OF HYDROELECTRIC PROJECTS ON FOREIGN DEBT ANALYZED

Asuncion ULTIMA HORA in Spanish 6 Jul 85 p 15

[Article by Anibal Miranda; passages enclosed in slantlines printed in boldface]

[Text] According to official sources, Paraguay's foreign debt amounts to US \$1.75 billion, and even that represents a slight decline this year. From a per capita foreign debt of US \$130 in 1975, we have gone to US \$530 in 1984, much lower than the Latin American average.

Paraguay owes much more than what the official statistics show, however. In fact, it has bilateral commitments to Brazil and Argentina, set forth in treaties with those two countries. The result of those obligations has been burgeoning debts. Itaipu and Yacyreta, in which Paraguay is a partner and thus must pay half of all loans contracted, are backed up by inter-government treaties.

A technicality frees Paraguay from the necessity of signing its guarantee of the loans. When the binational treaties were signed, the Paraguayan treasury was not in a position to guarantee the hefty loans the hydroelectric projects would require. Therefore, it was agreed that Brazil, in the case of Itaipu, and Argentina, in the case of Yacyreta, would back the respective loans. That was done. The same treaty specifies, however, that the payments must be made in equal portions by the partners in the undertakings.

Paraguay guaranteed only half the capital of the binational entities (US \$50 million in each case) when they were formed. The subsequent loans that were taken out for the Itaipu project were on Brazil's account, and loans for Yacyreta were charged to Argentina. That guarantee by our partners does not mean that Paraguay will not pay. It is, rather, a deferred debt, and our commitment is directly to Brazil and Argentina, not to each of the banks and other lending agencies.

Paraguayan Debt Figures

According to estimates based on sources at the two binational entities, some US \$10 billion has been invested in Itaipu and US \$5 billion in Yacyreta, not counting the accumulated financial burdens. Therefore, to date Paraguay owes



US \$5 billion for the former and US \$2.5 billion for the latter. Neither of them has been completed, so the expenses will continue to mount.

The readjustments have also led to increases in the financing required. When the treaty for Itaipu was signed in 1973, its cost was estimated at a total of US \$1.2 billion. Today the estimated cost is about US \$15 billion, and by the time construction is actually finished, the spending on that hydroelectric plant will have multiplied.

Yacyreta is in a similar position, and furthermore, each delay means a larger budget. The more the construction schedule is prolonged, the higher the cost will be. Both partners, Paraguay and Argentina, will have to make the corresponding outlays. It is uncertain when Yacyreta will be completed.

In the middle of 1985, then, Paraguay has an accumulated deferred foreign debt of US \$7.5 billion for the two binational hydroelectric projects. When the respective loans fall due, the money will have to come from somewhere.

Official sources claim that the projects will pay for themselves through power sales. The value of compensation for selling power from Itaipu is so insignificant, however (US \$300 per gigawatt/hour), and this value and the royalties are fixed for no less than 50 years. If Paraguay were to turn over all its power to Brazil at the values set forth, it would not have enough to meet the finance payments it owes. Itaipu is still under construction, and the bills are mounting.

In Yacyreta, the problem is slightly different. The main element of the project, the dam, has not yet been erected on the river. The delay that will undoubtedly continue, due to the severe problems the Argentine economy is undergoing, means that costs will soar well above the revised estimates of just 3 years ago. There is no certainty as to when any income will be forthcoming, but the first loan payments are already about to fall due. The difficulty worsens, therefore, because the debt will have to be serviced without any income, and that situation will remain indefinitely.

If the Itaipu and Yacyreta debts (technically not guaranteed by Paraguay in the loan contracts but guaranteed in the binational treaties) are added to those of the Central Bank, we reach a total of US \$9.5 billion, some US \$3,000 per capita. Every Paraguayan owes that amount, which is much higher than the per capita Gross Domestic Product of US \$1,410. It would be a good idea to start thinking about how we are going to pay.

#### Alternatives?

Paraguay is no exception when it comes to difficulties in the external sector, but it has the highest per capita foreign debt in the world. Moreover, it is far from having the highest per capita income, even in this region. Our international reserves are shrinking (from a peak of US \$808 million in December 1981, they dropped to US \$430 million in December 1984, and continue their descent). Some interest and principal payments are now in arrears, and production is still in a slump.

Our economic difficulties are reflected in the soaring price of the dollar. An inflationary process that is partly fed by the uncontrollable inflation in our neighboring trading partners reflects the deterioration of the situation.

Like Paraguay, other Latin American countries are going through severe economic disturbances. Some of them, however, have sought to refinance and/or reschedule their debts, in larger amounts and with more remote precedents, without providing any more relief in the long term.

The Argentine Government has opted for the shock treatment. Freezing prices and wages, temporarily halting the printing of currency, ceasing the financing of the public deficit and those of autonomous entities, and adopting a new currency called the austral with a new exchange rate, are some of the measures that have been adopted, in view of the futility of previous policies. It is a war economy, asserts President Alfonsin. In the international sphere, Argentina's strategy is to continue negotiating to meet the obligations it already owes and others that will be due soon. It is trying to exert subtle pressure on its creditors to take a new approach, a political one that involves the participation of the developed countries' governments, before the house of cards collapses.

That is the /Alfonsin option./ Others have been suggested in financial centers, such as allowing creditors to seize the assets (factories and other productive facilities) of debtor nations in payment of their debts. One option has been discussed and is being considered in banking and government circles in the First World simply because of the influence of the man who suggested it. It is the /Kissinger option./ Based on the realistic premise that the Latin American debt has gotten out of control and that bankers want their money back, he suggests a new Marshall Plan similar to the one the United States implemented in Europe after World War II.

In the analysis that backs up this position, it is recognized that the debtor countries are transferring capital resources to their creditors, that democratic processes cannot continue amid the severe imbalances caused by these transfers and the erosion of the population's income, that the United States has vital strategic interests in its "back yard" that are being threatened increasingly by the recession-debt, and that if the problem is not confronted properly, populist/radical governments may emerge that are none too friendly to Washington and the other Western powers.

Another alternative that is not very well known in this area, but has had a strong impact on other debtor nations, especially at the level of parties, unions and the press, as well as in international organizations, is the /Castro option./ The Cuban president suggests that Third World countries declare a 10- to 15-year moratorium on their debts, without the accrual of interest, so that the debtor countries (which, at any rate, have already transferred huge amounts of resources to the central countries) can restore their productive apparatuses. Then an attempt could be made to reorganize North-South relations.

Since this proposal coincides with several resolutions that have been passed by the United Nations General Assembly, where the Non-Aligned Countries have a

majority, support for it has been growing recently. Kissinger himself specifies in the introductory clauses of his new Marshall Plan that the United States has an interest in counteracting the influence which options such as that suggested by Castro may have. Castro's movement toward the current positions of various Latin American countries is eroding the United States' influence and power in the region, which will seriously impinge on its future world activities.

The debt problem has in fact become politicized. Latin America, where most of that debt is concentrated, is thus emerging as the site of a new rivalry that has extended beyond the accounting books. The United States' relations with Latin America are at stake, on the one hand, and the sovereignty of the nations that are experimenting with democracy is threatened, on the other hand, as they encounter serious obstacles in the form of the difficult financial burden they have inherited.

8926

CSO: 3348/865

PARAGUAY

INTERNATIONAL RESERVES DECLINE TO \$400 MILLION

Asuncion ULTIMA HORA in Spanish 11 Jul 85 p 11

[Text] The Central Bank's net international monetary reserves dropped sharply in the first 2 months of the year to just \$400 million at the end of February.

The accumulation of reserves had been progressing steadily until 1981, and in 1982 an accentuated decline began. According to official figures, the net balance of these reserves grew from just \$112.4 million in 1975 to \$781.2 million in 1981. During that period, the absolute increase was \$668.8 million, resulting in an average annual growth rate of 99 percent.

In 1982, the Central Bank lost \$129.2 million in reserves, and its net holdings fell to \$652 million. This represented a decline of 16.53 percent.

In 1983, reserves fell by just \$36.2 million, a 5.55 percent shrinkage, to a total of \$615.8 million. The cumulative loss of reserves totaled \$165.4 million.

Last year international reserves fell sharply again, by \$96.7 million, or 15.7 percent in relative terms. By the end of December, they totaled \$519.1 million. The cumulative loss over the 3-year period amounted to \$262.1 million.

According to the most recent figures, the Central Bank's net international monetary reserves had fallen to \$444.5 million in January of this year, and to just \$400.1 million by the end of February.

In the first 2 months of the year, the Central Bank lost no less than \$119 million in reserves, a substantial slippage of 22.92 percent. Cumulative losses since 1982 amounted to \$381.1 million, a relative drop of 48.78 percent.

The reserves position thus slipped to the level it had been at in late 1978, which means that reserves are now being drained as fast as they were being acquired before 1982.

Reserves in Dollars

In recent years, the Central Bank's net international monetary reserves have consisted of 60 to 70 percent dollars.

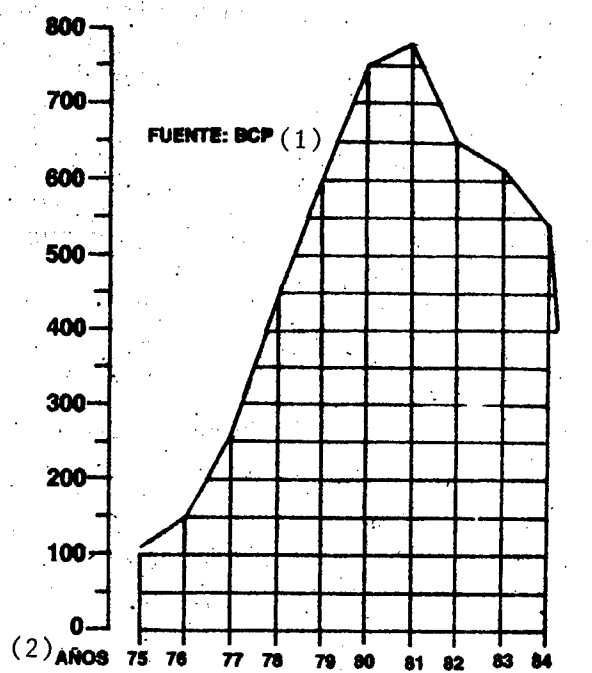
Reserves of this currency totaled \$439.9 million in 1981, and reached a peak of \$511.8 million in July 1982. Then they fell to \$424 million in December of that year, and to just \$280.6 million in December 1983.

The dollar position rebounded slightly to \$337.2 million at the end of last year, and then fell to its lowest level of \$241.1 million in February of this year.

Between July 1982 and February of this year, dollar reserves shrank by \$270.7 million, or 52.89 percent in relative terms.

The position in other hard currencies fell from \$219 million in June 1982 to just \$91.3 million last February.

Trends in Central Bank's International Monetary Reserves  
In Millions of Dollars



Key:

1. Source: Central Bank of Paraguay
2. Years

8926

CSO: 3348/865

PARAGUAY

INDUSTRY, COMMERCE MINISTER OPPOSES CURRENCY DEVALUATION

Asuncion ULTIMA HORA in Spanish 11 Jul 85 p 13

[Text] The minister of industry and commerce, Dr Delfin Ugarte Centurion, in commenting on the country's economic situation, declared that the government does not favor the devaluation of the guarani, explaining its negative consequences. He also harshly criticized the occasional exporters.

During the course of a political function at which he officiated in the city of Encarnacion, Dr Delfin Ugarte Centurion, the minister of industry and commerce, remarked: "Devaluation is a path of no return; once it is started, there is no going back."

"The government does not favor currency devaluation, because it causes the currency to lose intrinsic value, it impoverishes the country, and it penalizes consumers, renters, retired persons, public employees, savers, workers and the people as a whole."

Based upon the foregoing, he claimed that devaluation is counterproductive, particularly for the agricultural sector, because several components thereof are import items, such as fuels, trucks, tractors, fertilizers and others charged in the cost of the product.

He noted: "Similarly, if there is devaluation intending to benefit exports, imports will become more expensive, the cost of the agricultural product will rise and the end price will not be remunerative. Hence, the government will have to devalue consecutively, in periodic fashion, pressed by the circumstances."

He claimed: "Devaluation is a path of no return; once it is started, there is no going back. The national government is not monetarist, but rather developmentist. In other words, it maintains that money should be serving development and development should not serve money."

He also discussed the topic of the single exchange, concerning which he commented: "It has already been in effect in the country for 7 years, and it had no positive impact on the generation of production."

He lashed out harshly against the "swallow exporters," whom he claimed to be "dishonest exporters attempting to evade the bank authorities by diverting outlays of foreign exchange for their own purposes; which has prompted forceful action by the government."

He described their activities as "a crime against the nation," because the farmers work hard to generate the wealth, turning over their products for the entry of foreign exchange, but, nevertheless, "some unscrupulous swallow exporters are benefiting from it, often paying mager prices to those hard-working farmers."

With OLADE Board Members

This morning the minister of industry and commerce received a delegation from the Latin American Energy Association (OLADE), headed by Messrs Marcio Nunez and Jose Castro.

The delegation was interested in learning details on the national alcohol program, so as to consider possible technical backup that this entity might provide for our country in the future.

2909

CSO: 3348/857

PARAGUAY

JANUARY-MAY 1985 INFLATION RATE ESTIMATED AT 3.1 PERCENT

Asuncion ULTIMA HORA in Spanish 12 Jul 85 p 13

[Text] In the first 5 months of the year, inflation amounted to just 3.12 percent, according to the general consumer price index compiled by the Central Bank (BCP).

The rise in the price index turned out to be substantially lower than the 6.8 percent inflation rate seen between January and May of last year. It was also lower than the 3.91 percent rate registered in the January-May period of 1983, higher than the 2.3 percent of January-May 1982, and lower than the 4.61 percent rate observed in the first 5 months of 1981.

For the 12-month period between May 1984 and May of this year, inflation totaled a hefty 25.33 percent, the highest in the last 6 periods analyzed.

From May 1980 to May 1981, the price index climbed by 15.12 percent; from May 1981 to May 1982 inflation was just 5.73 percent; between May 1982 and May 1983, inflation soared to 10.59 percent; and from May 1983 to May of last year, the total inflation rate was 17.27 percent.

The surge in the price index in the last 12 months is due to the high inflation that was experienced in the second half of last year.

According to the official indicator, the annual inflation rate declined from 14.00 percent in 1981 to 6.75 percent in 1982; then it climbed to 13.47 percent in 1983, and reached 20.27 percent in 1984.

The annual figures cited correspond to the change in the annual price index, but this does not reflect changes in the monthly index.

According to the December-to-December index for each year, the real inflation rate was 17.20 percent in 1981, 8.87 percent in 1982, 14.10 percent in 1983, and 29.80 percent in 1984.

The moderate variation in the general price index between January and May of this year, which works out to an average monthly rate of just 0.62 percent, reflects a sudden and significant deceleration of the inflationary process, at least in official statistics.



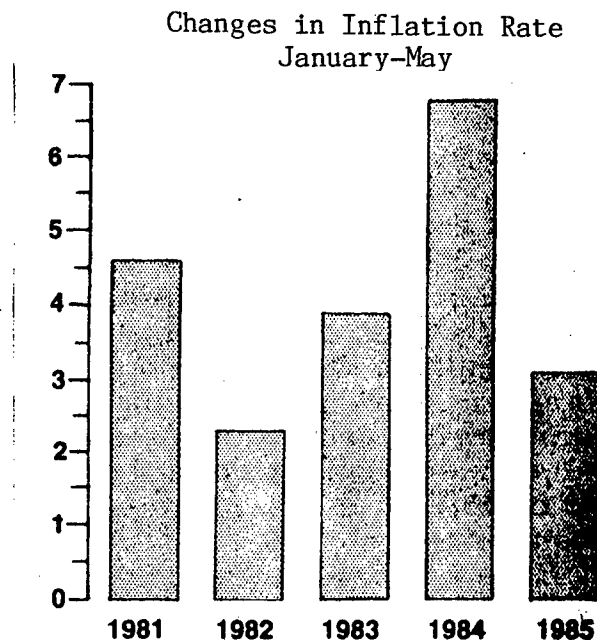
If the rate of inflation continues to stay low, the annual rate will be only 7.5 percent by the end of December.

The sharp drop in inflation, reflected in the official price index, can be explained to a large extent by the major increases in rates and the price controls implemented by the government in 1984.

Last year, petroleum fuel prices were raised three times; urban transportation fares were adjusted twice; light, water and telephone rates were increased; and the prices of Portland cement, sugar, flour and alcohols also rose.

The aforementioned prices and rates were not changed again during the first 6 months of this year, although prices in general, principally those of the consumer items in the family basket, continued their rise.

Moreover, primarily in the second quarter of this year, there was a major expansion of the money supply and a surge in the free-market price of the dollar, which had highly inflationary effects.



8926

CSO: 3348/856

PARAGUAY

PROS, CONS OF CURRENCY DEVALUATION VIEWED

Asuncion ULTIMA HORA in Spanish 12 Jul 85 p 14

[Commentary by Eduardo Miranda]

[Text] Not having inflation and never having to devalue the currency is the ideal state to which all economies should aspire, and in fact, all policies encourage efforts to reach this goal of absolute stability.

Economic reality, however, moves in a different sphere, and often the expedient of currency devaluation is forced upon us as we attempt to correct the imbalances that are caused by structural and cyclical factors, both endogenous and exogenous.

When the economy is inflationary, it is impossible to think of holding currency parity stable; the real exchange rate progresses, and the national currency automatically becomes overvalued.

If inflation cannot be controlled, the moment the official exchange rate falls out of adjustment with the real exchange rate, the overvaluation becomes a factor in further imbalances.

Maintaining unrealistic exchange rates reinforces adverse trends in trade with the rest of the world by making exports less competitive and stimulating imports.

In the case of our country, the harmful effects of overvaluation are tremendous. First of all, it strengthens the chronic structural deficit in the balance of trade, which instead of reversing, promotes an increasing disequilibrium in the balance of payments.

In the second place, by definition and structure, ours is an export economy that must struggle along in a highly competitive and strongly protectionist international market where raw materials prices are constantly declining.

The third reason is that our domestic market is too receptive to imports, and this poses obstacles to our industrialization and retards the modernization of our economy.

Considering just these three macroeconomic factors, without going into an analysis of the negative repercussions it would have on prices, costs, investment and real wages, the policy of keeping the exchange rate frozen is completely inappropriate.

Now, just as these imbalances have their economic and social costs, adjustment measures also have their costs. In the case of the unification of the official exchange rates at 320 guaranis to the dollar, as recommended by the Central Bank, rising prices of imported fuels, agricultural and industrial raw materials and inputs, and other subsidized imports, would be passed on directly to the consumers, the population.

An increase in the internal cost of servicing the public foreign debt and of public sector imports will translate into more taxes for the taxpayers, and higher rates for public utilities consumers.

Thus, the adjustment will be very painful. The cost will be high because action was not taken in time, and the possibility of implementing a gradual and flexible adjustment of exchange rates has been rejected. This has allowed the gap in the exchange rate to widen disproportionately. If adjustment measures are not taken now, however, the economic and social costs will be even greater in the future.

The exchange rate adjustment proposed by the Central Bank will merely exacerbate the situation if the government does not at the same time adopt other measures to cushion the impact of the adjustment.

Steps to raise real wages and the population's income effectively and efficiently should be implemented simultaneously.

At the same time, the government should take severe measures to rationalize budgetary spending, and to improve and optimize tax collections in a frontal assault on tax evasion. It should also adopt tax measures to redistribute the public burden more equitably through the replacement of indirect taxes with direct taxes.

Moreover, fiscal, monetary and credit actions should be taken to ensure that the exchange rate adjustment is a sure step toward stabilization, not a mere gesture of futility in the race against inflation.

None of the economic measures, including the exchange rate adjustment, will be of lasting value if we do not stimulate production. In the final analysis, production is the only true factor of growth and stability.

8926

CSO: 3348/865

PARAGUAY

GOVERNMENT BUDGET DEFICIT REACHES 31 BILLION GUARANIS

Asuncion ULTIMA HORA in Spanish 13 Jul 85 p 11

[Text] The government's debt to the Central Bank (BCP) has been growing ceaselessly, having reached 31 billion guaranis in February, despite the moderate recovery in its deposits in the BCP.

Until mid-1981 the government kept major deposits in the Central Bank, and its level of domestic indebtedness was low until late 1982.

The government's deposits in the Central Bank were used up rapidly after June 1981, and the government's debt to the Central Bank rose quickly and steadily beginning in January 1983. The central administration's financial position went from one of surpluses to a net indebtedness by March 1983.

Deposits

Deposits in the Central Bank reached a peak of 23,279 billion guaranis in July 1980, and this high figure was kept relatively stable until May 1981.

Later, deposits fell drastically from 22,155 billion guaranis in May 1981 to just 9,226 billion in December of that year. In the short period of 7 months, the government used 12,929 billion guaranis of its reserve at the Central Bank, and its deposits fell by 58.35 percent.

In 1982, deposits first gained somewhat, rising from 9,226 billion guaranis at the end of December 1981 to 11,096 billion in May 1982, but in the following months they declined again to 6,234 billion guaranis in December. In the 12-month period, the reduction amounted to 2,992 billion guaranis in absolute figures, and 32.43 percent in relative terms.

In 1983, the government's deposits recovered to 7,744 billion guaranis in February, but from there they dropped again, reaching 5,473 billion in December. By March, 2,271 billion guaranis in funds were being used, a drop of 29.32 percent.

The government's deposits in the Central Bank edged up slightly in 1984, primarily from April on; the total went from 5,473 billion guaranis at the end of December 1983 to 9,010 billion in December 1984. In absolute values, the funds rose by 3,537 billion guaranis, a 62.62 percent improvement.

In January of this year, deposits expanded to 11.294 billion guaranis, but then dropped to 10.219 billion in February.

#### Indebtedness

The government's debt to the Central Bank remained relatively constant between 3 and 5 billion guaranis until the end of 1982, that is, until the deposits' marginal liquidity was exhausted.

Domestic indebtedness grew from just 3.517 billion guaranis in December 1982 to 21.354 billion in December 1983. In 12 months, the debt to the Central Bank rose by 17.837 billion guaranis, or 507 percent.

Since deposits in the Central Bank also fell by 761 billion guaranis in that year, the net utilization of funds amounted to 18.598 billion guaranis.

In 1984 the government's domestic debt rose by another 8.1 billion guaranis, or 37.93 percent. The total went from 21.354 billion guaranis in December 1983 to 29.454 billion in December of last year.

In January of this year, the debt grew to 30.616 billion guaranis in January, and 31.070 billion guaranis in February.

The cumulative increase in the debt between December 1982 and February of this year totaled 27.553 billion guaranis.

Considering the utilization of deposits between June 1981 and December 1982, which rose to 15.921 billion guaranis, and the increase in the debt between December 1982 and February of this year, it appears that the financing of the government sector with surplus deposits and loans from the Central Bank amounted to some 43.4 billion guaranis since the second half of 1981.

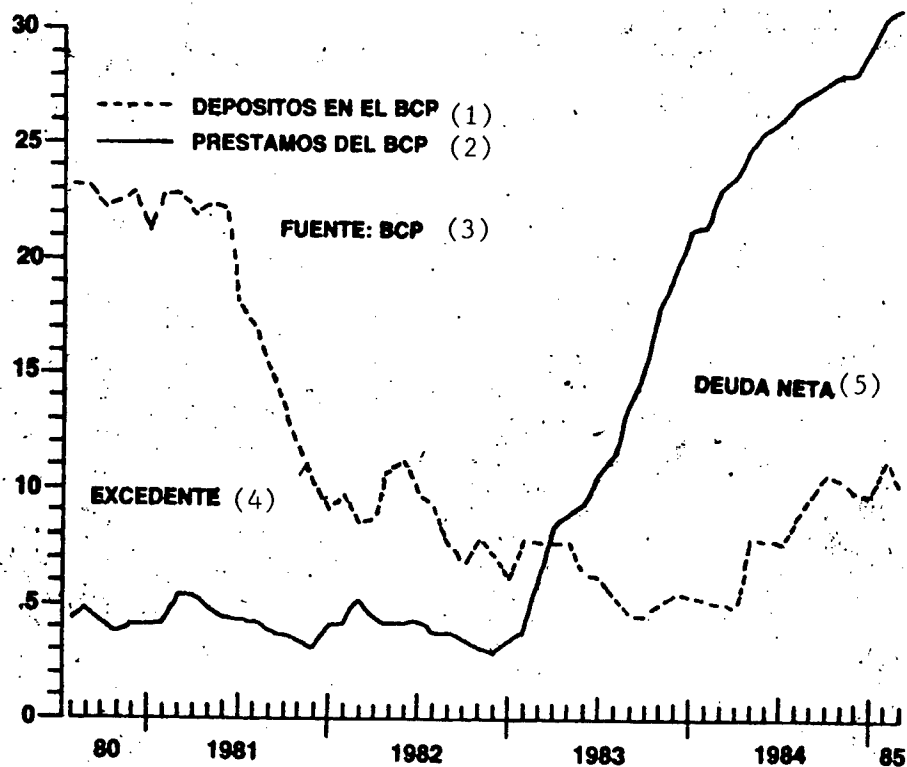
#### Net Surplus and Net Debt

The net surplus of government resources (deposits less debt) declined from 18.856 billion guaranis in July 1980 to just 5.039 billion in December 1981 (73.27 percent), to 2.717 billion in December 1982 (46.08 percent), and to 1.360 billion in February 1983.

In March 1983 the amount of the debt exceeded the sum of deposits, and the surplus became a net debt.

The government's net debt (loans from the BCP less deposits) grew from 1.199 billion guaranis in March 1983 to 15.881 billion in December of that year (1,224 percent), to 20.444 billion in December 1984 (28.73 percent), and to 20.851 billion guaranis in February of this year.

Central Government's Domestic Indebtedness  
In Billions of Guaranis



Key:

1. Deposits in BCP
2. Loans from BCP
3. Source: BCP
4. Surplus
5. Net Debt

8926

CSO: 3348/856

PARAGUAY

ITAIPU LOANS, TOTAL FOREIGN DEBT VIEWED

Asuncion ULTIMA HORA in Spanish 13 Jul 85 p 16

[Article by engineer Ricardo Canese]

[Text] The Itaipu debt is not included in the total amount of our country's foreign debt, because Brazil is backing all the loans made for the dam's construction. The specialized press claims that this situation is atypical.

An understanding of the phenomenon that Itaipu represents for Paraguay is not always possible using traditional methods. This holds true particularly with regard to the binational entity's foreign debt.

A first point to be underscored is that Paraguay has not contracted a foreign debt of any kind with the construction of Itaipu. At least this is what is claimed by the specialized publications, which set Paraguay's foreign debt at \$1.85 billion, whereas 50 percent of what had been spent by Itaipu as of 31 December 1984 amounted to \$5.816 billion, and the total was \$11.631 billion. Yacyreta's foreign debt is not included in the similar Paraguayan debt either, on the same basis.

Why not include the 50 percent of the Itaipu debt in Paraguay's foreign debt? The explanation is quite simple. The one guaranteeing the credits contracted by the binational entity is Brazil, and what has been contracted by Itaipu Binational is covered in this country's debt.

We can also explain this phenomenon based on the terms of the Treaty of Itaipu. In April 1973, when the treaty and its reverse notes were signed, the following terms were established simultaneously:

1. The power to be generated ceases to belong to Brazil and Paraguay, and becomes the property of the binational entity. Paraguay is entitled only to purchase 50 percent of the power generated, or else grant the purchase right exclusively to Brazil.
2. For transferring the sovereignty over its power (something that was recognized by the preceding Act of Foz de Yguazu of 1966), Paraguay receives: i. a wretched \$300 for each GWh (one GWh is equal to a million kWh) transferred, and, ii. it is Brazil who assumes Itaipu's foreign debt (by providing the backing for the loans).

So, it may be claimed that the Itaipu foreign debt does not burden the Paraguayan debt, although at the cost of a loss of sovereignty over its power.

In fact, there are three aspects converging in the case of the Itaipu foreign debt, which are important to describe.

In the first place, in extreme situations Itaipu's foreign debt might have to be paid by Paraguay 50 percent. In fact, Brazil has only provided the "backing" for the loans contracted, but in any event the dam is owned by Paraguay and Brazil in equal shares. Therefore, in the event that the dam remained unused, for whatever reason, unable to generate electricity, something rather unlikely but mathematically possible, the contracted loans would have to be assumed by its owners. Although Paraguay might declare itself insolvent, in the event of such a calamity, and Brazil would have to assume the immediate commitments to the financial entities, there would be no lack of legal causes in this country to demand that Paraguay pay, even though over the long term, the 50 percent that is assigned to it for being an equal partner with Brazil in the dam. No one could dispute the fact that this risk, although far-fetched, does exist. Hence, Paraguay's foreign debt at Itaipu might amount to 50 percent of its investment; in other words, the equivalent of \$7.698 billion, according to the latest estimates.

Secondly, we should not lose sight of the fact that it is Brazil that has assumed the backing for all loans contracted by Itaipu Binational. If it is assumed that there would be no major risks, the debt will be paid gradually by the binational entity and, to the same degree, Brazil will be releasing itself from the backing granted, thus unburdening its portfolio of foreign loans.

Finally, it is the central banks of Brazil and Paraguay that will make the conversion of cruzeiros and guaranis into dollars, for the repayment of the Itaipu foreign debt.

Actually, neither Paraguay nor Brazil is in debt: what is in debt is Itaipu Binational. With this judgment, we could eliminate the Itaipu debt from both Brazil's credit portfolio and that of Paraguay.

However, it would be more realistic to claim that Itaipu's foreign debt will be assumed in the percentages of electrical consumption of Brazil and Paraguay; because the central banks of these countries will have to remit dollars in that same proportion, in order to cope with the bank due dates.

It should also be noted that a percentage exceeding 70 percent of the Itaipu investment has been financed by Brazilian banks; in other words, for Brazil, much of the binational entity's debt is an internal debt. For Paraguay, on the other hand, the entire Itaipu debt is a foreign debt.

Setting aside the disaster hypotheses, such as a break in the dam, what will happen is that Paraguay will have to remit dollars to the binational entity for the electrical power that ANDE [National Electric Power Administration] purchases.



Since Itaipu is a 50 percent Paraguayan binational entity, should it be thought that the payment of the electrical rate to Itaipu will be an "import" or a payment for "external" services, in view of the dollars that the BCP [Central Bank of Paraguay] will have to remit? Or that, as Paraguay consumes more Itaipu electricity, it will thereby assume greater responsibility for the payment of Itaipu's debt which, for Paraguay, is a foreign debt.

We think that the difference is quite subtle, almost semantic. The fact is that Paraguay will start sending increasingly more foreign exchange abroad in order to be able to purchase power from Itaipu. Table 1 summarizes the amount of foreign exchange that Paraguay will have to pay in order to purchase power from Itaipu, if its rate, starting in 1986, is \$0.00025/kWh. Thus, it can be shown that, whereas in 1985 Paraguay would have to remit \$6.3 million, the payment to Itaipu would increase to \$33.8 million in 1990, to \$74.8 million in 1995 and to \$147.1 million in the year 2000.

So, the purchase of power from Itaipu would mean: an increasing flight of foreign exchange. This flight could be offset, partially or totally, by the payment of the "royalties," the compensation, the profits and the indemnity that Itaipu must make to Paraguay. If the terms of the Treaty of Itaipu are renegotiated, the balance of the payment that Paraguay must make to the binational entity for the power that it consumes, and what this entity must pay to Paraguay for the aforementioned items, will be very favorable for our country.

Table 1

Sums which Paraguay must remit to Itaipu Binational for the purchase of electric power.

Year	Millions of Dollars *
1985	6.3
1986	14.2
1987	18.3
1988	22.9
1989	28.0
1990	33.8
1991	40.3
1992	47.5
1993	55.6
1994	64.7
1995	74.8
1996	86.2
1997	98.9
1998	113.2
1999	129.2
2000	147.1

\* It is assumed that there will be a 12 percent compound annual rate of increase in demand, and that Acaray will generate 800 GWh/year, on the average. 1984 demand = 1,090.3 GWh. Rate is \$0.00025/kWh.

\*\* Only the last 10 months of the year, and a rate of \$0.00017/kWh have been taken into consideration.

PARAGUAY

UIP EXECUTIVE ON NEED TO PROMOTE SMALL, MEDIUM INDUSTRIES

Asuncion ULTIMA HORA in Spanish 15 Jul 85 pp 14-15

[Excerpts] Dr Arturo Jara Avelli, a member of the executive board of the Paraguayan Industrial Union (UIP), gave a talk on the topic of "National Industry and Raw Materials" at the forum sponsored by the Paraguayan Confederation of Workers. An active textile industry executive, Jara focused on various aspects of industrial development from our country's perspective, and the social consequences of manufacturing activity at peak operation.

Weak Points

"It is easy to see that in agricultural countries, the economy ends up depending on one of its most sensitive and weakest elements: primary production. How many times have we read or heard about, or actually felt the bitter experience of having a bumper harvest and then seeing prices fall on international markets, leaving farmers in a state of physical and spiritual frustration?

"The protection of that precious world comes not only from a real capacity for storage, but primarily from a dynamic and modern industrial structure. As Antonio Ortiz Mena, president of the Inter-American Development Bank (IADB) and a great friend of our country, told us recently, 'I am very pleased to see truck after truck carrying soybeans to the world market, but I can assure you that I would be much happier to see truck after truck carrying soybean oil and other processed soy products.'

"An industrialized product, no matter what kind it is, is a powerful weapon in any economic struggle. Canned or frozen meat, soybean oil and expeller, cotton fabric or thread, processed tungsten, wooden furniture or furniture parts, these are powerful bargaining chips because they have already been saved from the time factor. Grains rot; oil can wait.

"But if the sector that processes goods for export or to fill domestic needs is important, no less important is the sector that replaces imports. What would become of our country, where would we get so much foreign exchange if we merely exported everything we have in the way of raw materials and imported what we do not already have, ready-made?"

## Small and Medium Industry

"To illustrate the importance of small and medium industries, let us recall that 23 percent of our manpower is absorbed by large industry, 37 percent by medium industry, and 36 percent by small industry. Out of 22,352 industries, 16,540 are small, 5,249 are medium, and 543 are large, according to the latest figures for the sector, which date back to 1981.

"One problem that should not be overlooked, however, is that the 2 percent of industry that is large is in the hands of transnationals. Wholly Paraguayan industries are not growing at a desirable rate, for various reasons. Seventy-seven percent of industry depends on agriculture, and that sector has only recently begun to cast off the shackles of its old minifundio structure.

"It is clear that if agriculture is managed according to dynamic business principles, that is, on a larger scale with improved production, then it can grow and, consequently, industry can process raw materials under better conditions. Seventy-seven percent of our agricultural establishments still consist of parcels of less than 10 hectares."

## Economic Situation

"Recent official figures indicate that the situation is not very promising. For example, our balance of payments suffers from a constant, severe deficit, the exchange rate is out of adjustment, development credit has disappeared, and other problems are causing no little concern in our sector. One result has been many speculative activities, and the manufacturing sector cannot develop effectively under such circumstances. This places our industry at a disadvantage in terms of development, leaving it in a position of mere subsistence.

"At the same time, speculative activity threatens the very foundations of our industry. Exchange difficulties led the sector to obtain foreign exchange at speculative prices, and this in turn has encouraged the search for financing, which, amid the speculative boom, is becoming increasingly pernicious.

"We firmly believe that all sectors, both public and private, should be coordinated to make a sincere effort to eradicate speculation and to devote all available resources to the country's productivity as a top priority.

"Resources should be oriented toward production in its various forms, rather than speculation. Greater productivity will immediately yield obvious benefits. The industrialist is more aware of this fact than anyone else. He, more than any other Paraguayan, has placed all his resources in this country and plowed his profits back into it. We do not divert capital to speculation, much less take it to other countries. For the industrial sector, of course, the most harmful element, the most insidious factor that retards progress, is speculative activity. Speculation and usury are manifestations of depravity that are anathema to social solidarity and symbolize the lack of moral values.

"Speculation slowly and systematically corrodes the economy of any country, so it should be eradicated once and for all. It takes on subtle shapes, but we

should fight it in all its forms, and with all the means available to institutions."

#### Industrial Protection

"Industry needs the government's understanding and protection. The fate of thousands of workers and their families depends on it. Developed industry absorbs demographic growth and opens up new horizons for personal achievement through work, research or services.

"Only large enterprises can export, and it is the large firms that tend to take over the domestic market. Consequently, the only alternatives left for the majority, that is, the small and medium companies, are to organize in the form of cooperatives, hang onto the coattails of the large firms, or turn to import substitution.

"We must also bear in mind that our two neighbor countries have populations that are much larger than ours, which means that their consumer market is infinitely greater, and this requires special conditions. It is axiomatic that higher production means lower costs. The cost of production for a market of 30, 50 or 100 million consumers is infinitely lower than that required for a market of 5 million people. Moreover, we should recall that our country has no seacoast.

"It is clear, then, that we should base our industrial development on special conditions, including the following: long-term and low-interest credit with compensatory exchange rates, permanent technical and scientific assistance, and appropriate customs duties and tariffs."

8926

CSO: 3348/856

PARAGUAY

IMF ADVOCATES COMPLETE ECONOMIC REORGANIZATION

Asuncion ULTIMA HORA in Spanish 17 Jul 85 p 18

[Text] In view of the fear of a further exacerbation of the existing problems, the constant deficit in running accounts and other obstacles, the International Monetary Fund (IMF) has proposed to the local authorities a total reorganization of the national economy.

A reorganization of the country's entire economic system, as a short-term requirement, is what the International Monetary Fund proposes in a presentation made at the end of May, as a corollary of the visit paid during the second half of the same month by the vice president of the World Bank, David Knox, who met with the highest-ranking authorities and suggested primarily a readjustment of the exchange rate to a more realistic level.

In addition to expressing its concern over the triggering of a crisis in the country's external payments over the medium term, the IMF cited the need for a general adjustment of the country's economy. Otherwise, it declared, the social polarization would become worse under the present conditions. This reportedly would occur among "certain groups" with great financing power, that are fully engaged in speculating on the context of an economic recession and the propitious environment created by the lack of synchronization between the official and free exchange rates; as well as the population, which is, in fact, withstanding the effects of inflation and of the very policy applied to battle it.

The IMF told the monetary and fiscal authorities that a deficit in the running accounts of the balance of payments of a developing country would still have been "normal" if there were a net flow of capital entering the country without the risk of a crisis in that balance over the medium or long terms. That flow should be geared directly to an internal capital formation process, because otherwise, the lack of synchronization in the running accounts would end in an irreversible deterioration of the external sector, reflecting low income from exports and difficulties in curbing costs of imports.

The low international price quoted for cotton and soybeans, despite the rise in their volume, accounting for 84 percent of our exports, and the still voluminous amount of imports, despite the fact that over 80 percent of them have gone to the fluctuating market, are indicators of this process cited

by the IMF. To be added to all this is the reduction in local investments and in those of foreign origin; for which reason the capital formation is not occurring in positive terms either.

On the other hand, the negative sign regarding investments has been given in its two forms: a more speculative financial market and an increasing flight of capital from the country for various reasons.

2909

CSO: 3348/857

URUGUAY

SANGUINETTI ON HUMAN RIGHTS VIOLATIONS, OTHER ISSUES

Buenos Aires SOMOS in Spanish 21 Jun 85 pp 30-32

[Interview with Uruguayan President Julio Maria Sanguinetti by Danilo Arbilla, in Montevideo; date and place not specified]

[Text] One hundred days after taking office as Uruguay's president, Julio Maria Sanguinetti feels calm and secure, even though he has been plagued by 154 union conflicts since 1 March. He inherited a crisis-ridden economy that was in danger of plunging into runaway inflation, but his economic team has still set goals for next June: an annual inflation rate of 60 percent, slashing the deficit from 10 to 6 percent of the GDP and boosting growth from 2 to 4 percent. In this exclusive SOMOS interview Sanguinetti takes stock of his administration so far.

[Question] Dr Sanguinetti, now that you have been in office for 100 days, have the issues you have had to tackle been less or more complicated than you expected?

[Answer] On the one hand, some circumstances have been tougher than we had anticipated. On the other, we have dealt successfully with some problems that we thought would be very hard to solve. Among the latter was the need to get the basic indicators of the economy under control. We inherited a country with a very severe crisis, marked by a 15 percent drop in the GDP over the past 3 years, an almost 50 percent erosion of real wages, a foreign debt equivalent to our GDP and a budget deficit that was one-third of outlays. Compounding this was an out-of-control exchange rate in January and February, as well as the wage increases for civil servants that the dictatorship merrily ordered, without any financing, as its farewell. Furthermore, this all coincided with a drop in the world prices of our exports and the threat of hyperinflation spilling over from Brazil and Argentina. We realized that if the country did not succeed in getting this situation under control in the first 100 days, the future of our economic policy and the normal workings of our institutions themselves were in danger.

[Question] Would you say that this situation is behind you now?

[Answer] I would say that we have gotten the short-term situation under control. Naturally, we have not put the critical factors behind us. But during these 3 months we have managed to boost real wages, albeit by only one percent, which reverses a several year trend. Currency issuance is at present one percent down from March; the budget deficit has been cut, and the financial and exchange markets are operating normally.

[Question] You have cited the economy as the main problem you have had to tackle over these 100 days. But it is a well-known fact that labor has been another troublesome problem. To what do you attribute the wave of conflicts and strikes during this period?

[Answer] There have been 154 conflicts during these 100 days, beginning right on 1 March. We were saying good-bye to the chief executives who had come to celebrate our return to democracy, and we had a strike at the airport. It is an undeniable fact that there has been no honeymoon for democracy and that many people who were patient with the dictatorship have been unwilling to be even half as patient with democracy. I attribute this situation to various circumstances. The first is that after 11 years of labor union inactivity, there has been a major upsurge in action by organized labor, especially given the crisis besetting the workers, which we do not deny. Therefore, it stands to reason that the unions are going to voice legitimate demands and feel a strong desire to give vent to protests that have been muted. Secondly, I ascribe it to the fact that after a lengthy period of inactivity, the labor movement does not have its internal factions clearly defined yet; thus, some of them want to do outdo the others and hence take excessively radical stands. At the same time, we can see that many leaders are somewhat inexperienced because they are young or out of practice, which is another factor. Thirdly, I cannot hide my displeasure with certain labor leaders who fail to realize how serious the country's problems are and where the interests of the workers really lie. Therefore, all they do is demand wage increases, not realizing that a nominal wage can be decreed but that real wages cannot because they depend on a set of economic conditions. Or else they have not yet learned to appreciate the difference between a labor union and a political party. Not long ago a labor leader was asked on TV what he would do if all of his demands were met; he said that he would persist in his methods of struggle. He was thus admitting that he was actually the leader of a political party, not a labor union and that his approach was that of a political, not a labor leader. What he was complaining about was the political philosophy of the country, not a union situation.

[Question] Aren't there going to be trials for human rights violations?

[Answer] It is very important to make a series of clarifications on this issue. First, the primary objective of the government in Uruguay is to maintain institutional stability. This is the way to prevent future human rights violations. This is our number one priority, and we are going to adjust all other variables to it. Second, there are people who feel that it is a good policy for the present to settle past accounts. In contrast, I think that the best thing to do with the past is leave it to the



historians and try to build the future. This is why the Executive Branch submitted an amnesty bill right on 1 March. And when the bill that finally emerged from Congress went farther than the one that the administration sent it, we abided by it all the same, for the sake of the objectives we were pursuing. Now, however, we don't think that this should enable those who received amnesty after committing crimes to start pointing their fingers at the Armed Forces because they might have committed excesses during the fighting.

[Question] You are apparently justifying those excesses...

[Answer] I am not justifying any excesses. I am simply saying that I know of no war in which excesses were not committed and that both the Armed Forces and the Tupamaros were guilty of them. I am saying that now that the country has reestablished its democracy, the worst thing it could do would be to keep the Tupamaros-Armed Forces conflict alive, as if it were an answer to the country's problems today. I am also saying that there are people with eyes in the backs of their heads, looking behind them, and that the only thing they are going to accomplish that way is to bring back many of our past problems. There are people who think that Uruguay should take after Argentina in holding trials, as if the conflicts in Argentina were identical to the ones in Uruguay, when they were obviously not. They do not realize that the trials being conducted in Argentina are the first of their kind in the world, which is why they are attracting so much attention. There have been coups d'etat in Colombia, in Venezuela, in Bolivia and in Peru, and nothing was done to the military when democracy was restored. Brazil, which is also returning to democracy along with Uruguay, is not putting its military officers on trial either for having staged a coup. All of this shows that what Argentina is doing is definitely the exception and that normally, when democracy is restored, the country seeks a consensus and looks to the future, as Spain wisely did.

[Question] Did things go well for you when you signed the agreement in Colonia with President Alfonsin?

[Answer] Yes, they did.

[Question] That is what Uruguayans are saying: that things went very well for you. Some circles in Argentina are saying this too, but they are complaining to President Alfonsin that the agreement is very beneficial to Uruguay but not to Argentina.

[Answer] Their perspective is wrong. The critics first of all are overlooking that for 20 years now Uruguay has had a huge foreign trade deficit with Argentina, around \$490 million, and that some day the situation had to begin turning around. Fortunately, it has started to turn around in recent years. Uruguay obviously could not have put up with the previous state of affairs, and there were two alternatives: either accord privileges to other countries, or seek integration and cooperation, as we have done. We feel that this way we are going to achieve stability,

equity and growth in trade between the two countries. This, after all, is what we are both after. We believe that, on the one hand, Uruguayan industry will have an opportunity to enter the Argentine market more extensively than it has so far and that Uruguay will unquestionably begin to replace many of its European and American imports with Argentine industrial goods. It is not going to be an automatic or spectacular process, and it will be gradual. I think that the agreement is good for both countries. The criticisms that you have heard in Argentina have been voiced in Uruguay as well. When we signed the accord, there was harsh criticism in the newspapers, which said that we were tying our destiny to Argentina's institutional and economic instabilities. There has been criticism on both sides. I am calm in my belief that it is an equitable accord and that time will so demonstrate. I am also absolutely certain that no Argentine industrialist, putting his hand over his heart, can say that any branch of Argentine industry is going to be disrupted or go bankrupt because Uruguay's modest industry might capture five percent of the Argentine market.

[Question] Isn't the Buenos Aires-Colonia bridge project a somewhat remote idea?

[Answer] That depends on how it is viewed. If we assume that construction can begin tomorrow, then the bridge belongs to the distant future. If we see it as something on a "vague, distant and hazy" horizon, as Ruben Dario said, then it is not. What we have agreed to do at this point is look into the feasibility of the project, and work will begin in this regard in the next few weeks. The study could take between 10 and 12 months. If the studies turn out positive, as our experts contend they will, then the financial aspect will be taken up. I think that the bridge will justify all of the efforts that we have made over these years. The bridge is more than a communication route. I feel that it could be an exceptional boost to the integration of the entire River Plate Basin, not just in Argentina and Uruguay.

[Question] Is it also true that Argentina is interested in using the port of Montevideo?

[Answer] Some businessmen are already using it, as well as the port of Nueva Palmira. The river has turned into an enormous and cumbersome loading and unloading zone for the two countries, for Argentina because of the costs and for Uruguay because of the lost job opportunities. Our ports will not take jobs away from Argentines because the outgoing merchandise will still be subject to an entire trimming operation in Argentina. But when deep-draft vessels have access to Uruguayan ports, operations in mid-river will no longer be necessary.

8743

CSO: 8148/1892

URUGUAY

#### AMNESTY INTERNATIONAL TO OPEN LOCAL BRANCH

Montevideo BUSQUEDA in Spanish 11 Jul 85 p 16

[Text] A group of Uruguayans interested in human rights began the process to install a local branch of the AI [Amnesty International] in the country. This organization defends the rights to free expression, life and physical integrity.

Silvia Beales of the office for Latin American affairs and Francois Richard, a member of the international secretariat of the AI, visited Montevideo last week to meet with politicians and social organizations and install eight groups that will function in eight zones of the capital.

Those groups made up of professionals, students, housewives and workers of all political ideologies will carry out international actions assigned to them by the AI secretariat.

Beales told BUSQUEDA that the AI is independent of any social, political or religious organization and scrupulously complies with a statute that seeks to preserve the objectivity and impartiality of its actions.

Within that framework, the AI groups do not collect denunciations on events in their own country but are limited to campaigns on events that occur outside of their borders.

Beales said that the formation of AI groups in Uruguay was requested by many citizens of this country who knew about the activities carried out by the organization during the military regime.

Since 1973, the AI acted for more than 575 political prisoners in Uruguay and investigated more than 200 cases, according to the organization's report. It indicated that, at the end of March, a message was sent to President Julio Sanguinetti expressing satisfaction for release of all the political prisoners.

Beales indicated that Uruguay, Paraguay and Cuba were countries that had held political prisoners for the longest length of time. She indicated that this situation continues in the other two countries.

Beales said that the AI has members in the socialist area, including the USSR, and indicated that it plans to carry out a campaign to promote the work of the AI in those countries.

She commented: "If there is not enough information, it is easy to believe that the AI depends on the CIA or the communists. The organization has problems in working inside as well as outside the socialist area."

Founded in Great Britain in 1961, the AI proposes to defend complete respect for freedom of expression as well as the recognition of the rights to life and physical integrity. Its action is aimed at demanding the release of political prisoners and quick and impartial trials for those arrested for political reasons. It is opposed without exception to the death penalty and torture.

The AI has 500,000 members and followers in 160 countries and territories. According to Beales, the work of the organization is "impartial."

She said: "It is only concerned with the protection of human rights relative to each case, regardless of the ideology of the government or the convictions of the victim."

The AI has established a system for self-financing in its statute to preserve its independence. The AI obtains resources from its members, donations from sympathizers--for which there is a ceiling--and, especially, the sale of publications.

Beales indicated: "The AI is concerned with being present in all countries where there are violations of human rights." In the last annual report, cases in 117 countries were denounced.

She stated: "However, this does not mean that human rights were only violated in those 117 countries but there is reliable information on those cases. In other words, there are other cases but the AI does not include them for lack of sufficient information."

Beales explained that the AI studies the facts in the denunciations and analyzes the credibility of the sources through a series of procedures that include a legal investigation.

The reports presented to the Uruguayan press explained the position of the AI with respect to the abuses perpetrated by opposition groups to governments. The AI said that some of those groups "have acquired characteristics that are similar to the governments."

One report said: "It expects those groups to respect the international norms of human rights and exhorts them to do so." It also noted: "Nongovernmental entities, in general, do not have recognized international obligations or responsibilities which the AI can invoke."

URUGUAY

POLL SHOWS SUPPORT FOR GOVERNMENT WANING

PY091317 Paris AFP in Spanish 0056 GMT 9 Aug 85

[Text] Montevideo, 8 Aug (AFP)--One out of every three residents of Montevideo feels that the current Uruguayan democratic system will last only 5 years, according to a public opinion poll conducted by the Uruguayan branch of the Gallup corporation.

The survey, which was conducted in June, established that 31 percent of those surveyed answered that the constitutional government inaugurated on 1 March 1984 will last 5 years, but they did not specify what kind of system will replace it.

According to the Gallup survey, more than half of the supporters of the three largest Uruguayan parties--the Colorado, Blanco, and Board Front--responded that the government would not last more than 10 years.

The survey on the strength of the constitutional system was released at the same time as another survey conducted by Gallup showing a sudden decline in the public's image of President Julio Maria Sanguinetti and of Congress.

According to the Gallup survey, during the first half of July only 39 percent of Montevideans believed that Sanguinetti's performance was good or very good, compared to the 60 percent who felt that way at the beginning of June. Meanwhile, the popular prestige of Congress fell to 36 percent from 50 percent in June and from 64 percent in April.

Attempting to explain the phenomenon, Gallup indicated that the metropolitan population is deeply dissatisfied with the increase in municipal taxes, rents, and prices for staples.

Strikes, stoppages, and occupations of work places also are worrying the people, who do not see Congress providing any solutions to all these complex problems, the Gallup report added.

CSO: 3348/869

URUGUAY

IDB FUNDS ALLOCATED TO EXPORT SECTOR

Montevideo LA MANANA in Spanish 11 Jul 85 p 14

[Text] As was announced in a press conference 29 March 1984 attended by the minister of industry and energy, Dr Carlos J. Piran, the president of the BROU [Bank of Uruguay], Commander Federico Slinger, and top authorities of the state secretariat, directorate and officials of BROU, a loan from the IDB for \$49 million was signed by the BCU [Central Bank of Uruguay].

These funds will finance the revitalization program for export industries. Of the amount mentioned, \$47.84 million are allocated for granting loans. This will be complemented by \$12.16 million contributed by BROU which means a fund of \$60 million.

Little More Than 10 Percent

The UAPI [Advisory Unit for Industrial Promotion] of the Ministry of Industry and Energy is also participating in this program with the BCU (recipient of the loan from the IDB) and BROU (which grants the credits and makes the counterpart contribution). The UAPI will be responsible for the technical evaluation of the requests.

In order to insure the functioning of the program, a participation agreement was signed by the three organisms, establishing each one's functions.

A Credit Regulation for the program establishing the conditions of the loans was also approved.

According to what was indicated yesterday, so far BROU has granted a total of seven loans for approximately \$6.3 million. Therefore, funds are still available for those interested.

It was also learned that the bank is studying eight requests for approximately \$5.6 million already approved by the UAPI. Three for \$1.4 million will be considered by the BROU Directorate this week.

The UAPI has three requests for approximately \$700,000 that are now being studied.

## Raw Materials, Supplies

All these loans have been granted to finance the purchase of national and imported raw materials and supplies for production exclusively of nontraditional exports.

The terms of the loans are a maximum of 24 months with a grace period of up to 12 months.

The interest on the loans granted in dollars is now 11 percent per year since BROU recently lowered its margin by half a point. That rate of 11 percent is based on the following: 9.5 percent (IDB), .5 percent (BCU) and 1 percent (BROU).

It was also indicated at the meeting yesterday that it is hoped that these measures will give incentives to placing the funds still available to benefit the exporting sector. A recent resolution by BROU concerning lower guarantee requirements for the loans will also help.

7717

CSO: 3348/843

URUGUAY

CONAPRO RELEASES 1985 ECONOMIC, AGRICULTURAL PLAN

Montevideo LA MANANA in Spanish 11 Jul 85 supp pp 1-4

[Text] I. Introduction

The economic policy pursued since 1 March 1985 is clearly different from that which characterized the authoritarian period. Moreover, under this policy the state will play a more active role in guiding the economy.

This means that policy instruments will be used to direct the reactivation program selectively and systematically once the objectives to achieve and the priorities to be established are defined.

This new attitude challenges and aims to eliminate the central idea of the neoliberalism that prevailed in recent years: the subordination of production matters to financial matters, as the country was subjected more and more to the vicissitudes of the international economic and financial situation. Thus, Uruguay became more vulnerable than it had ever been in recent history.

In the future, economic policy will be geared to reversing the thrust of this influence, placing the financial system at the service of production and the essential needs of society as a whole. The economic process will once again be under national control.

It is also acknowledged that the country's size and its resources demand that international economic forces play a dynamic role.

This change of attitude will create the indispensable climate of confidence that the country needs to pave the way to its economic and social recovery, given the serious situation it has inherited from the authoritarian regime.

II. Reactivation of Production, Employment and Revenues

1. Reactivation Procedures and Means

Reactivation depends on a political and social context that favors the development of economic activity, and a climate of confidence must be created through stable and clearly defined policies governing the different sectors



and the economy as a whole. It is also necessary to engineer a harmonious expansion of supply and demand.

On the demand side, a simultaneous and balanced expansion of both internal and external demand will be needed, taking into account existing restrictions. The availability of a significant reserve of idle installed capacity will make it possible to step up production and employment levels without requiring a significant volume of investment in the short term.

The recovery of activity will begin with the stimulation of exports, an increase in the real income of workers and low-income pensioners, and the maintenance of public investment.

The revitalization will be long-lasting only to the extent that inflation can be brought under control effectively, that the overall deficit of the public sector can be reduced, and that limitations imposed by the over-indebtedness of the productive sectors and the excessive weight of the foreign debt can be overcome.

## 2. External Demand

Based on the commitment to maintain a realistic exchange rate, which would be the centerpiece of a series of export stimulation measures, the following complementary instruments will be used:

- a) pre- and post-financing of exports
- b) insurance against political and commercial risks
- c) selective tax rebates
- d) temporary admission and drawback
- e) search for new markets and promotion of those markets
- f) expansion of bilateral or multilateral trade agreements, particularly the intensification of productive, commercial, financial and technological cooperation with Argentina and Brazil
- g) use of the state's buying power to facilitate marketing abroad
- h) promotion of a change of attitude with respect to the quality of products and the operation of the corresponding controls

## 3. Internal Demand

The expansion of internal demand will be grounded in an increase in the buying power of the majority of the population, particularly among the low-income sectors.

The increase in real income will be based on the following:

- a) The progressive recovery of real wages, with adjustment periods of not more than 4 months. Not only will this adjustment take into account the need to carry out a selective recomposition of wages, but differentials that arise out of specific circumstances within a sector or a business will also be allowed, and the actual implementation of the adjustment will be subject to the agreements reached on this point by the specific group of the National Program Coordinating Committee (CONAPRO).

The political parties, workers and businesses should coordinate their efforts to ensure that the increase in the real wage is compatible with the deceleration of inflation. This objective will be facilitated by the fact that in recent years wages have declined tremendously within businesses' cost structure.

b) The social benefits granted through constituted households and family allotments will be increased.

c) Within the framework of the recomposition of pensions, the real level of those that are currently the lowest will be raised. This will entail setting up a single mechanism for adjusting civilian, military, police and special pensions.

d) As a complement to these measures:

- Public spending will be reoriented to meet the public's essential needs;
- As tax revenues are expanded by the recovery, the minimum rate of the value added tax (IVA) will be reduced;
- Functional and administrative price controls on the items in the family basket will be imposed where necessary.

Because of their economic and social repercussions, the creation and development of cooperatives will be promoted on the basis of a solid organizational structure and business management criteria in the areas of administration, finance, production and marketing.

While public investment will be maintained at the same level, a change will be made in its structure so that the productive apparatus can be reactivated selectively. Attention will be given to social needs, especially the priority objective of employment.

### III. Fiscal Policy

Fiscal policy is an appropriate tool for carrying out a suitable distribution of income in society, and a reasonable balance between resources and expenditures should be maintained in implementing this policy.

Considering the existing situation, it is imperative that the deficit be reduced and that public spending and revenues be reorganized in accordance with the requirements of the recovery, with a fair distribution of burdens.

With regard to spending, in the interests of the recovery it is advisable not to reduce the relative share of public spending in the GDP for the short term, except through the decline in interest payments and transfers. A reorganization will be promoted that takes the following factors into consideration:

1. The reduction of military and security spending, and the elimination of all outlays considered to be unnecessary from the standpoint of the reactivation and the essential living conditions of the population; and

2. Increased spending on health, education and low-income housing. In the latter case, priority will be given to new home construction and to the repair of old homes, as an important factor in stimulating rapid growth in employment levels.

With respect to revenues, the share of direct taxation in revenue collections will be increased in order to control the exaggerated regressivity of the current tax system, using criteria of equity that are absent today in the social distribution of the fiscal burden.

The tax policy will establish a hierarchy in terms of the tax-paying capacity of the population and of economic units, although special consideration will be given to the investment needed for development.

To increase the relative importance of direct taxes, the following measures are planned:

1. Restoration of the capital tax, with a structural adjustment;
2. Expansion of taxation to income;
3. Adjustment of the direct tax on agriculture to promote the introduction of new technology, increased land productivity and less concentration.

As direct taxation revenues increase, tax collections are stepped up by imposing rigorous controls on evasion, and the budget deficit is consequently reduced, the relative share of indirect taxation can be minimized. This is especially true of the minimum rate of the IVA and the rate corresponding to export trade that is verified through deductions.

As far as tariffs are concerned, there will be no indiscriminate reduction of current levels. Tariffs will be managed selectively, to prevent both the vulnerability of national production to outside competition, and excessive production, which makes for inefficiency.

The commercial and industrial entities of the public sector will be encouraged to balance their budgets, while their capitalization needs will be taken into account. Transfers from the central government will be discouraged, and as far as possible, the users' ability to pay will be considered in setting service rates. Nonetheless, the factors of inefficiency that affect production costs will still be eliminated.

#### IV. Operation of Financial System

The policy on the financial system will have the following objectives:

1. To subordinate it to the needs of production and especially recovery
2. To obtain greater autonomy from the international financial system

The goal of achieving a slightly positive real rate of interest is emphasized, for the purpose of stimulating the deposit of savings in the financial system, protecting savers from the depreciation of the currency, and enabling productive sectors to gain access to the financing they need for their operations at positive real interest rates that are compatible with reasonable profits.

This will require constant supervision and action, so the following measures will be implemented:

1. An orderly monetary policy will be pursued, in accordance with the objective of cutting inflation;
2. The present budget deficit will be reduced;
3. The problem of businesses' excess indebtedness will be dealt with;
4. The Central Bank of Uruguay (BCU) will supervise and audit financial intermediation activities;
5. Savings deposits and investments in national currency will be promoted through the relevant monetary and banking policy instruments;
6. Credit will be channeled selectively by the Central Bank of Uruguay;
7. Off-shore banking will be regulated and supervised by the Central Bank of Uruguay to determine the origin and forms of foreign capital that enters the country.

With regard to exchange policy, the current system of flotation will be a starting point, and the aim will be to control short-term fluctuations. The BCU will have direct and indirect measures at its disposal to prevent speculative transactions with foreign currency and to ensure that financial institutions act appropriately in this regard.

#### V. Domestic Indebtedness

The initial premise is that this is one of the principal hindrances to the recovery, so measures must be adopted immediately. No gratuitous or indiscriminate transfers will be made to debtors who must be supported by the entire society, particularly the poor. The policy to be followed will be selective, depending on sectoral priorities and the viability of businesses.

The actions to be taken immediately include the following:

1. Top-priority, viable companies will receive preferential treatment in the refinancing of the existing debt, including terms and interest rates. Capitalization by existing owners or new partners will be promoted, and a commitment will be made not to distribute profits without express authorization in special cases. There is a possibility of public capitalization of part of the debt, in which case the owner of record will be the Corporation for Development, whose functions are explained below.

When public shareholding reaches very high levels, a change in ownership of the business will be encouraged. Co-management and self-management formulas will even be considered on a trial basis if there is enough justification.

2. In the case of viable businesses that are not top-priority, a general refinancing system will be put into practice.
3. In the case of business that are not viable, collection and liquidation actions will be taken where appropriate.

4. In the particular case of agriculture, lands that end up in state hands as a consequence of the indebtedness of failed businesses will be turned over to the National Settlement Institute (INC).

5. Special consideration will be given to small agriculture and livestock or industrial producers in the application of the criteria of selectivity and viability. Due consideration will also be given to the reasons for the excess indebtedness.

In the settlements with debtors, their previous record of compliance will be given special attention.

The Corporation for Development, which will be run by the state, will carry out the following functions:

- a) Obtain financial resources for development from international credit organizations, government agencies, private foundations and the domestic financial system, selectively channeling these funds to the productive sectors.
- b) Capitalize productive businesses that have indebtedness problems, for the purpose of restoring their economic and financial health and reactivating them.
- c) Promote private investment by encouraging the formulation of investment projects.
- d) Co-manage mixed-capital enterprises, taking steps to straighten out their finances, restore their productive capacity, and reactivate and stimulate them economically. The presence of business management capacity will in many cases enable these firms to be turned over to the private sector once again.

The Corporation will have on its staff highly qualified technicians and professionals who are trained in each of the areas of national production.

- e) Promote the nation's scientific and technical development, supporting technological research projects that will contribute to increased productivity in the different areas of production.
- f) Direct the efforts to solve indebtedness problems and restore businesses to financial health. The Corporation will study the priorities and the viability of the indebted productive enterprises and will define the corresponding selectivity criteria.

- g) Until the Corporation begins its operations, emergency measures must be agreed upon to define and implement the functions set forth in the above paragraph.

## VI. International Economic Relations and Foreign Debt

Special importance is attributed to terminating the isolation to which the authoritarian regime subjected the country, and to restoring the ties that deteriorated during that government.

In terms of commerce and payments, an active policy will be adopted to make existing bilateral and multilateral agreements, which cover the various aspects of international economic relations, broader and more comprehensive. This policy will be open to all countries of the world, the only limitation being considerations of national sovereignty.

With regard to the foreign debt, all means will be utilized to avoid the traditional terms of renegotiation. For this purpose, an effort will be made to seek common cause with other debtor countries in the region to improve our bargaining position.

In essence, what is required is not only the refinancing of the principal payments, but also new loans to help meet the interest payments, limit the transfer of resources abroad, and guarantee enough imports to carry out the reactivation of production.

Any agreement that is reached with the International Monetary Fund (IMF) should provide for these basic objectives: the reactivation of production, the expansion of employment, the progressive recovery of wage levels and low-income pensions, the control of inflation and the progressive redistribution of income.

If all efforts at dialogue and negotiation with official, international and private institutions fail to bear fruit, new means of agreement will be sought among the political parties.

### Agriculture and Livestock Policy

The Uruguayan primary sector will be responsible for the national economic recovery because it offers the most comparative advantages. It is also the principal supplier of raw materials for national industry, with respect to traditional products such as meat and wool, as well as fruit and vegetable processing, which will be subject to promotional measures.

The above is contained in the Plan for the Operation and Reactivation of the Agriculture and Livestock Sector which was approved by the National Program Coordinating Committee (CONAPRO) at the end of its term. The plan was also endorsed by the future ministers of agriculture and fishing, and economics and finance.

The text of the plan approved by CONAPRO states the following:

A national project should deal with both overall and sectoral economic growth as a function of the redistribution of wealth and the social impact of that wealth. For that purpose, the following elements are necessary:

a) Full effectiveness of the republican-democratic system, under the auspices of the Constitution, with full enjoyment of the freedoms, rights and obligations set forth in that document, both by individuals and by the entire society, which is necessary for the participation and coordination of social forces in the government.

b) Real participation by business and social organizations in the consultation, formulation and proposal of a national project, with the agreement of the political organizations.

c) Constant participation by the coordinating bodies within the corresponding legal framework, to agree on changes in the national project or agreement, if their magnitude so requires.

We feel it is necessary for the agriculture and livestock sector to generate surpluses to enable the sector itself to develop and to provide resources for non-agricultural development in amounts that would not compromise the growth of basic activity.

We should thus develop a national project in which the rural and urban sectors are joined together as befits this nation. For this purpose, it is necessary:

a) To accept a joint action between farmers and the state, with social forms that can overcome the limitations of private enterprise, such as cooperatives, promotional associations, etc.

b) To accept that, given its competitive nature, the sector will necessarily have to transfer economic surpluses to the rest of the social system.

This transfer is expected to be planned in such a way as to refrain from compromising the level of development that has been agreed upon.

Stimulating the development of intensive areas (agriculture, dairy, farming) is considered of fundamental importance for generating sources of employment in the sector and promoting more agroindustrial activity to process and supply these products. It will also be necessary to look into alternatives for marketing such goods.

## II. Elimination of Hindrances to Development

The agrarian policies that have been applied to this sector, far from solving the structural problems that historically hampered its development, have tended to aggravate the plight of rural areas. Among other factors, the fact that urban dwellers are unaware of the true situation in the agriculture and livestock sector made it difficult to implement policies capable of achieving effective development in the sector.

The countryside is plagued not only by economic problems, but also by serious social problems in fields such as health, housing, education, family and communications. These factors impede development. The reasons for the stagnation and even the backwardness of some sectors are not uniform. On the

contrary, some regions, categories of goods and groups of producers should be set apart, and therefore require different solutions.

The country's development to a large extent depends on the growth and development of the agriculture and livestock sector. To achieve this, it is necessary to correct the structural flaws of the sector (uncertainty about land ownership, latifundios, minifundios, oligopolistic forms of marketing, the relative price structure), and those problems which are merely temporary (indebtedness) through appropriate sectoral policies that are in harmony with those adopted for society as a whole.

Among the most important factors that have impeded development, most noteworthy is the great instability that farmers have had to cope with in the past, derived from external as well as internal causes, and frequently aggravated by the policies that were implemented.

Moreover, in addition to the factors mentioned above, other equally important external factors should be pointed out: technological dependence, and the market protectionism of the developed countries.

### III. General Features of Sectoral Policy

#### a) Macroeconomic Policy

The importance that macroeconomic policy has for the operation and development potential of this sector can hardly be exaggerated. Small modifications in areas such as exchange, monetary or fiscal policy may have a tremendous impact on the sector's performance. In this regard, it is appropriate to refer to the terms agreed upon in the document drafted by the economic policy group. For this reason, it is imperative that these policies be designed with the real needs and objectives of the productive sectors in mind, as the agriculture and livestock sector plays an active and decisive role in the operation of the country's other sectors. Thus, the effective participation of the Ministry of Agriculture and Fishing and other sectoral organizations is considered essential in the formulation of macroeconomic policy.

#### b) Sectoral Policies

The design of sectoral policies should be oriented toward achieving the following objectives:

- Increasing the productivity of land as a necessary condition for the sector's growth and development;
- Promoting harmonious growth that not only involves quantitative aspects but also specifically focuses on improving the quality of life of low-income sectors, aiming at a fair redistribution of income;
- Stabilizing the income level of the sector as a means of giving priority to production over mere speculation;



--Conserving and rationally managing natural resources, and taking care of the environment in general.

## I. Trade Policy

The marketing of agriculture and livestock products domestically and abroad is carried out through the private sector. Nonetheless, the state should intervene to a certain extent in this process, through a policy governed by the following guidelines:

- Market functions should be organized in order to prevent problems derived from product marketing from having a negative impact on the production sector.
- Avoid middlemen, who seriously erode the prices received by the primary production sector.
- Use the state's buying power as required by special circumstances, with the main focus being on the interests of producers and consumers.
- Promote and support through state action the operation of farmers' marketing organizations as a means of balancing the atomized bargaining power of these farmers with the relative concentration of demand, thus preventing the monopolistic action of middlemen or industrialists.
- Strengthen the country's bargaining power in the foreign trade of agriculture and livestock products, through the coordination and unification of the various sectors involved. For this purpose, the entire foreign trade structure of the country will be utilized, and thus it must be made capable of carrying out this task. This will expand the country's export alternatives.
- In the long run, agriculture and livestock production should be efficient and competitive. Nevertheless, there should be reasonable tariff protection for labor-intensive products that are highly significant socially, or essential or strategic items. Moreover, national production should be protected from short-term circumstances on the external market that offer temporary replacements for our products.

For the effective implementation of these guidelines, special importance is attributed to the development of an efficient cooperative system that will back up farmers' interests.

Furthermore, product boards should be created, with representatives from the production sector, agroindustry and the state. These boards will operate primarily in the area of marketing agriculture and livestock goods. Among the specific functions of these boards, the following deserve special mention, bearing in mind that there will be differences, depending on the product in question:

- Balance the supply and demand of agriculture and livestock products, processing the necessary market information so that production may be planned according to market potential.
- Unify the country's bargaining power in its foreign sales.
- Create and manage stabilization systems (prices, funds, etc.) where appropriate.
- Hold the trade associations and cooperatives that participate on the boards responsible for the actions of their constituents in the area of the board's agreements.

## II. Pricing Policy

In general, pricing policies should follow the general policy guidelines agreed upon for prices at the economic level.

In keeping with the need to achieve a framework of stability and profitability for production, state intervention should be the result of an evaluation of the different pricing policy measures in terms of these two factors. Particular attention should be given to transfers of revenues to other sectors of the economy. These transfers will take place through direct taxation instead of the traditional indirect route, which makes inputs more expensive and depresses the price of products. Price stability is a necessary condition for stabilizing income at the sector level.

## III. Tax Policy

Future taxation will be geared to the ultimate goal of contributing, with the other appropriate instruments, to a more just distribution of income and an increase in the productivity of land.

For this purpose, the following characteristics should be taken into account:

- All indirect taxation should be kept to a minimum.
- A system based on a tax on unimproved land in terms of its potential productivity will be promoted. If it is applied consistently with the other sectoral policies, it will encourage more intensive land use, and will prevent the unproductive use of this natural resource.

This will be a progressive tax, and small farmers will be exempt from it. It will promote productive investment through partial deductions for reinvestment.

- The sectoral tax system will be simplified as much as possible, which will pave the way for eliminating advantages for the administration and farmers, and will also contribute to the coherence and overall harmony of taxation in the agriculture and livestock sector.

- With regard to Social Security, the Contribution System should be modified so that contributions are made as a function of the number of hectares under cultivation, according to the CONEAT [expansion unknown] index, which will entail a major stimulus to those businessmen who employ the most manpower.
- Given that in the past the country's tax system was based on presumed income, that experience should be subjected to an exhaustive analysis as a preliminary step toward the implementation of a new system, particularly with regard to the relationship between that system and the sector's tax-paying capacity.
- The above considerations will not impede the design of a complementary tax that will be levied on the real net income of companies when the amount of that income justifies additional contributions to the community. As a means of ensuring that the two criteria are complementary, the possibility of including the basic tax on potential earnings as a cost in calculating the complementary tax should be considered.

#### IV. Credit Policy

Given the significant role credit plays in the development of rural enterprises, the importance of adapting credit to the businesses' needs and possibilities, particularly with respect to terms, timing, guarantees and interest rates, should be emphasized. With regard to interest rates, the readjustment of the products of loans according to value appears to be a highly useful alternative for guaranteeing the ability to pay back loans.

Credit should also be utilized according to selective criteria, with particular attention to the needs of small and medium farmers. In these cases, credit should be supervised and integrated with technical assistance plans that are strongly supported by the state.

This concept also applies to larger farmers, who will have more responsibility in the financing of the technical assistance that is associated with the use of official credit.

Similarly, the credit should be integral, meeting the needs of the business as a whole.

Like all policy instruments, credit should also be used selectively and consistently for sectoral objectives, such as the conservation of natural resources, the mitigation of price cycles, and integrated regional development programs.

Finally, given the scarcity of this resource, mixed financing plans should be promoted, in which credit is used as a complement to the company's own capital contributions.

#### V. Technology Policy

This concept includes everything that has to do with the generation and transfer of technology (research and application), with the understanding that the

two aspects should be considered as two stages in the same process. They should not be treated separately.

Here are the guidelines that will govern technology policy:

- Agricultural technology development should be geared to satisfying the needs of the different types of businesses, and the predominant production systems. Therefore, effective participation by farmers in policy design, especially at the regional level, is considered essential. In this regard, technology should be profitable from the private point of view, and should be socially appropriate for the country as a whole.
- In addition, technology should be adapted to the country's characteristics and resources, which would allow enough autonomy to solve the problem of technological dependence. This means that the technology used should intensify the use of land and manpower.
- For the purpose of making efficient use of the funds the state invests in this area (which should be increased considerably), mechanisms should be devised based on the organization of farmers, group actions and the participation of intermediate institutions such as cooperatives, promotional associations, producer trade associations, etc.
- A differentiation should be made in this effort so that small and medium farmers will receive special attention. In particular, techniques adapted to these farmers' production systems should be developed.
- The financing of technology development and transfer should be shared by the farmers and the state.
- The actions of all state organizations, including universities, should be effectively coordinated through a Coordinating Center that will serve the country's best interests in the use of funding for professional training, research and application.
- Technology policy should be very consistent with other policies governing areas such as credit and taxation.

## VI. Land Policy

Land policy should not confine itself exclusively to the restructuring of holdings, but should also meet the challenge of making the holdings of small and medium farmers economically and socially viable.

The National Settlement Institute (INC) will be assigned a key role in future land policy, since the legislation that created it gave it such potential. With regard to the future work of the INC, lands can be administered by this institute if legal provisions should prevent them from being transferred to it. The farmers whose principal source of income is agriculture and livestock activity should be given priority in the adjudication of enough land to resume farming.

- The INC should review the procedures for assigning lands, giving special emphasis to the qualifications of the applicants and assuring them that they will receive a certain amount of training.
- In the allocation of lands, the INC will support associative forms of production if the applicants so request.
- Settlers and applicants will be encouraged to participate effectively in the drafting of the INC's general guidelines for land policy.
- Until the mechanisms for forming the INC board of directors have been regulated, it is recommended that the Uruguayan Association of Settlers represent the farmers.
- In addition to the aforementioned points regarding the INC, the following aspects of land policy should be stressed:
- Analysis of the problem of foreign land ownership, in particular legislation prohibiting the purchase of lands by non-resident foreigners.
- Support for the principles set forth in Law 13,608, referring to the purchase and farming of land by corporations with bearer shares.
- Revision of the legal framework governing leases and other unstable forms of landholding, through the implementation of mechanisms that will contribute to the efficient use of resources and the suitable distribution of income. Efforts will be made to study measures to prevent, in general, the concentration of land ownership and use in a few hands, no matter what the form, and the division of land into units that are too small to be economically viable.

## VII. Wage Policy

### Living and Working Conditions

Wage policy should be placed in the context of the specific features of labor relations in the agriculture and livestock sector (residence on the farm, benefits in kind, etc.).

It is necessary, however, to increase the real levels of wages and pensions, and to augment their relative share of income.

The following actions will contribute to this objective:

1. The administrative establishment of minimum wages for the different occupational categories.
2. The operation of tripartite commissions (state, management, labor) that will agree on wage and benefit terms. For this purpose, the state and employers should help create conditions that would favor the establishment and operation of organizations to represent the interests of rural wage-earners.

3. Labor legislation aimed at protecting rural workers and their organizational rights (leaves, freedoms, attendance at labor union meetings, etc.) should be drafted and enforced. At the same time, the promotion, training and organization of rural workers should be stimulated.
4. Efficient systems for enforcing labor legislation should be designed.
5. A series of legislative and other measures should be designed with a view to improving the social benefits and working conditions in the rural sector. The benefits that urban wage-earners enjoy should be extended to all rural workers, where appropriate.
6. On farms or in small residential areas, efforts should be made to improve the situation of the families of temporary and permanent employees and other rural dwellers, so that they are encouraged to remain in the area. For this purpose, farmers should be provided with conditions that will enable them to comply with the proposed objectives.
7. Housing, education, health, highway, electrification, communication and cultural activities plan should be carried out, with special emphasis on meeting the needs of women, children and youths to ensure a better quality of life for rural families and towns.

#### IV. Indebtedness

Until the permanent measures demanded by this urgent problem are adopted, steps will be taken to implement the criteria set forth in Resolution A.3, which was passed by the CONAPRO Executive Board on 9 Oct 84 and the criteria included in the document on economic policy with reference to the indebtedness issue. Nonetheless, the following aspects should be emphasized:

- The need for the private financial sector, which is partially responsible for the indebtedness problem, to help solve the problem, applying criteria similar to those the Central Bank will use with its debtors.
- The analysis, where feasible, of the origins of debts. Special treatment should be given to debts that were contracted for the purpose of making productive investments.
- Application of differential criteria to debtors whose debts are relatively small, who will receive special treatment to enable them to repay their debts.

#### V. Agriculture and Livestock Insurance

The appropriate mechanisms should be set up to provide for economically viable agriculture insurance policies that will meet existing needs and give farmers the security that is essential to their business.

## VI. Participation

The discussion and eventual formulation of proposals, as well as the general participation of the sectors interested in and affected by sectoral policies, and their contribution to the mediation of costs and benefits, are fundamental to the success of policies, not an ancillary factor.

An effort will be made to structure forums for participation at the national, departmental and local levels, where all the rural sectors involved--farmers, wage-earners, cooperatives, professional associations, etc.--will be able to express their opinions effectively and contribute to the search for solutions compatible with their interests and those of the entire nation.

8926

CSO: 3348/842

URUGUAY

BRIEFS

COMMERCE MINISTRY PROPOSED---Juan C. Benech, president of the Trade Defense League, presented a proposal to create a new ministry to stimulate the sector and increase the importance of the commercial sector in the country. He added that the initiative also reflects the government's concern about the recovery of the market and the economy in which trade plays a major role. As to Minister Piran's reception of the initiative, Benech indicated that the minister asked for a memorandum to implement discussion and study of the topic after hearing the ideas in the initiative submitted jointly with the Chamber of Commerce represented by its president, Guillermo Barreiro Zorrilla. He added that, during the meeting, the commemorative medal of the 70th anniversary of the Trade Defense League was presented to Minister Piran. He was also asked to speak at the anniversary banquet that will be held on 24 July at the Golf Club. Others invited to that meeting include: the president of the republic, Dr Julio Maria Sanguinetti; members of the cabinet; and members of the directorates of the Chamber of Industry, Chamber of Commerce, the Uruguayan Association of Banks, the Rural Federation and the Mercantile Chamber for National Products. [Text] [Montevideo LA MANANA in Spanish 11 Jul 85 p 9] 7717

CSO: 3348/843



VENEZUELA

MORALES BELLO TO RUN FOR AD PRESIDENTIAL NOMINATION

Caracas EL UNIVERSAL in Spanish 13 Jul 85 p 1-17

[Text] Ciudad Guayana, 12 July--In the presence of hundreds of delegates from his party attending a municipal plenum, the national leader of AD [Democratic Action], David Morales Bello, launched his precandidacy for the presidential nomination. The congressman said that it is now time for Venezuela to give a Guyanese, such as he (he reiterated), another opportunity to govern the nation's destiny. He also claimed that, throughout his political activity, he had proven to have a calling for service, altruism and a desire to assume major responsibilities; and he said that he had the capacity for leading the country to a destiny of greatness, because, he maintained, he is backed by a life devoted to the constant struggle on behalf of the people from whom he comes.

In a speech lasting an hour and a half, during which Morales Bello reviewed the great national issues, he reaffirmed his absolute backing for the administration being carried out in the government by President Jaime Lusinchi, and called upon not only the AD members but all Venezuelans to cooperate far more with the head of state in the difficult presidential administration of the present time, to put the country on the path of progress and recovery, after Venezuela's serving as a feeding ground for Social Christian governmental irresponsibility.

Morales Bello, specifying what he termed the time for definitions, explaining his aspirations and making proposals which, he noted, will constitute the basis of his desire for the AD presidential candidacy, commented on the administration which Raul Leoni, from Guayana, carried out in his time, destined to go down in history. Morales Bello said that Leoni had received from AD, Betancourt and Venezuela, the confidence of the nation, and was a great president.

"It is now time for Venezuela to give a Guyanese another opportunity to govern the nation's destiny," he remarked, amid the large crowd's applause.

On Thursday night, on Solito Decan's radio program, "Polemic," he had voiced similar views.

He claimed that the entire country recognizes in him the desire and effort capable of taking responsibility for the defense of the nation and its progress, and that he has placed in the youth his most irreducible trust, particularly at present, when Venezuela is demanding a greater amount of effort from everyone.

"The reports which reach us are not encouraging," he said, referring to the critical situation that has arisen as a result of the instability of international oil prices; but he added that this fact is not an insurmountable obstacle to continuing ahead because (he stressed) Venezuela has the human resources and, particularly, its youth to rely on, a resource which does not depend on any price. And he explained that, with their inspiration, Venezuelans will overcome this or any other situation.

Recalling the Leoni administration, Morales Bello said that his contribution to democracy and to the nation's progress was immense at a difficult time, when the nation was threatened by conspiracies both from the far right and the far left. "We have learned the lesson and the example of this outstanding Guayanese, and have imitated it. It is once again time for Venezuela to give its confidence to another Guayanese, who is not seeking to fulfill personal desires, but rather is attempting to place his knowledge of the current Venezuelan situation in the nation's service."

He emphasized: "It would be a fair decision to put the leadership of the nation's destiny in the hands of a man from Guayana again."

Puerto Ordaz, 12 June--Speaking here today, the congressman and national leader of Democratic Action, David Morales Bello, described the criticism made of Minister Arturo Hernandez Grisanti, in connection with his performance as head of the Ministry of Energy and Mines, as "petty."

Morales Bello claimed that Arturo Hernandez Grisanti is one of the most capable, qualified, and best prepared ministers that Venezuela has ever had in the area of energy and hydrocarbons.

"I have known him since high school days; we were classmates, in the same graduating class, and we are party companions," he added. "I am constantly observing his manner of dealing with the delicate national oil affairs. Whoever denies Dr Hernandez Grisanti these qualities is incurring an unforgivable pettiness."

David Morales Bello, who arrived in the Iron Zone to open two major functions associated with AD municipal affairs in the state of Bolivar, the other being a seminar on prevention of drug use, sponsored by the Romulo Gallegos Youth Foundation, under the aegis of the IVSS [Venezuelan Institute of Social Security], VENALUM [Aluminum Company of Venezuela, Inc], the Bolivar Legislative Assembly and the Caroni Department Municipal Council, was accurate in the analysis of the serious scourge of drugs in the country and its international ramifications, during an informal press conference held at Ciudad Guayana airport.

"Unfortunately, despite the efforts that are being made, Venezuela has been unable to avoid the problem of drug consumption and trafficking, which is

present to a greater or lesser degree in all the countries of the world." Morales Bello added: "Regrettably, Venezuela has ultimately moved from the status of a 'bridge country' for shipping drugs from the south to the north of the continent to the position of a narcotics consumer country, and now that of a narcotics producer and narcotics exporter."

In view of this harsh reality Morales Bello noted that it has become essential to redouble all the efforts to combat the problem of drug consumption and trafficking with great intensity and in joint action between the government and private agencies.

The congressman stressed that, insofar as the suppression of the drug traffic is concerned, Venezuela has made great progress recently. He cited figures in this respect, but expressed regret that the prevention equipment is showing a negative result, not only a priori, but a posteriori as well.

2909

CSO: 3348/838

VENEZUELA

POLL SHOWS DISSATISFACTION WITH ADMINISTRATION'S PERFORMANCE

Caracas EL UNIVERSAL in Spanish 14 Jul 85 p 1-40

[Text] In the latest DATA poll, 45 percent think that the present government's endeavor has been negative and the highest percentage with this opinion was obtained among the lowest social class. 61 percent think that the situation is worse than last year, and 43 percent expect that their situation will be more critical during the next 6 months. The Church is the institution with the highest percentage of positive opinions, followed by the schools, the press, the Armed Forces, television, the universities and the police. Lagging behind were the Congress, the trade unions and private enterprise.

The Venezuelan is living poorly and has no hope of improving his status over the short term. Nor does he trust that the government can do anything constructive for him, and he considers this a bad time to equip the home or to buy a car. Rather, one could save, although the opinions on this point are quite divided.

This is the approximate summary of the results from the latest installment of the National Pulse Study of the firm DATA, whose field phase took place between 10 May and 8 June of this year, among a sample of 2,000 persons residing in urban and rural areas nearly all over the country.

It also shows that unemployment is one of the serious problems besetting the population, and that the income level is generally low. The opinion of the government is more negative than positive among nearly half of those polled, but institutions such as the Church, the Armed Forces, the schools and the universities retain the country's confidence.

The Government

Although the Venezuelan's opinion of the government has not been positive during the past 3 years, it had improved considerably starting in the first half of last year and until the beginning of 1985; perhaps because of the expectations created by the change of administration. Nevertheless, it has now dropped again and 45 percent think that the present government's effort is more negative than positive.

According to the summary chart included in the study, for the year 1982 the four measurements made showed 50 percent as an average for negative opinions of the government, whereas for 1983 this percentage rose to nearly 56, and in 1984 it dropped to 35. The first measurement this year showed 25 percent who thought that the government's endeavor was positive, 36 percent said that it was neither negative nor positive and 38 percent were inclined negatively. But in this second measurement, 24 percent consider it positive, 32 percent say that it is neither negative nor positive, and 45 percent are inclined negatively.

The question associated with those results is: "How would you describe the effort that the present government is making on behalf of you personally?" Of that 45 percent, 12 percent think that the effort is more negative than positive, and 32 percent consider it definitely negative; a result which, although it is under that obtained in 1982 and 1983, is better than the one at the beginning of the year, when it stood at 28 percent.

The highest percentage according to regions was obtained in the east, where 58 percent have a negative opinion, and in the rural area, where that percentage reached 55. One interesting datum is that, the lower the social scale, the worse the opinion is; so that in categories A and B only 23 percent have a negative-inclining opinion, whereas in category E those who have this opinion represent 54 percent.

This sharp change of opinion between the early months of the year and the present may be related to the economic situation besetting the population, in comparison with the one that the latter had the year before. For example, the comparative chart shows that, for 1983 measurements, 61 percent thought that their situation was worse than a year ago, a percentage which rose to 62 at the end of 1984, declined to 42 at the beginning of this year and returned to 61 percent in the latest measurement.

The pertinent question is: "Comparing your personal economic situation with that a year ago, would you say that your situation is: better, the same, worse or you don't know?" In it, the highest percentages saying "worse" are repeated in the eastern and rural areas, with 67 and 69 percent, respectively; but among the social classes there occurs the phenomenon that both upper categories A and B, with 60 percent; and category E, with 67 percent, think that they are worse off, the exception being category C, with 49 percent.

Moreover, the prospects are not very encouraging and the Venezuelan is apparently being overtaken by pessimism; because, when asked the question, "As you view the country's political and economic situation, how do you think your situation and that of your family might prove to be in the next 6 months?" 43 percent think it will be worse than now, 23 percent believe it will improve and 12 percent don't know. At the beginning of this year, 31 percent thought it would improve and only 25 percent said it would be worse. Here, too, one notes a sharp change of opinion.

In categories D and E, 45 and 46 percent expect it to be worse, while in categories A and B 37 percent hold that opinion and 31 percent think that their situation will be the same as it is now.

#### Confidence in the Church

As noted previously, certain institutions continue to merit the Venezuelan's confidence, and among those receiving a higher percentage for performing positive work are: the Church, 66 percent; the colleges and schools, 59 percent; the press, 57; the Armed Forces, 54; the television channels, 50; the universities, 49; and the police, 47. The highest percentage of negative opinion was received by the trade unions, 27 percent; followed by Congress and private enterprise.

As for the possibility that religion, specifically, helps to solve the country's problems, the opinions appear to be divided nearly in half: 48 percent said "yes" and 52 percent said "no." By regions, the lowest affirmative percentage occurred in the eastern area, with 33 percent.

#### Family and Income

Returning to the economic situation, 42 percent of those polled think that the majority of the people have a worse economic situation than they do; and in this respect, 68 percent of the high categories, A and B, have the same view; whereas among the lowest category, E, only 34 percent think so. It is quite understandable.

In view of that situation, 86 percent of those polled said that this was a bad time to equip the home, and 91 percent thought it a bad time to buy cars. As for savings, the opinions are divided, but those who do not think it is the time to make them exceed those who think the opposite, in a ratio of 54 to 45 percent. Among the upper categories, it is the reverse: 58 percent said that one could save and 40 percent said that one could not.

Of the sample, 13 percent are unemployed and 12 percent have personal incomes of 1,000 bolivares or less; with the highest percentage, 26, situated in the 1,000 to 2,000 bolivares range. Also, the highest percentage of family income lies in that same range, with 13 percent. Only 34 percent are registered in social security, as opposed to 65 percent who are unprotected.

The majority, 51 percent, think that the ideal number of children that a family should have nowadays is two, followed by 28 percent who think it should be three. The percentage is similar among all social categories.

#### The Most Important Thing: the Pope's Visit

The results from the question concerning the most important event that has happened in Venezuela thus far this year would appear to indicate that the Venezuelan is not stirred by anything; or could it be that the economic situation has made him lethargic?

In any event, the only thing that he seems not to have lost is faith, because the sample attaches great importance to the Pope's visit, with 46 percent, an opinion repeated in all parts of the country, with emphasis on Caracas, Maracaibo and Miranda, and among all social categories, with emphasis on C. In the poll, this result is related to the one obtained regarding the aid given by religion in solving the country's problems.

The refinancing of the foreign debt, which might be thought to concentrate the population's attention, shows up with only 6 percent as the most outstanding event thus far this year; and only the upper categories, A and B, seem to attach importance to it, with 15 percent.

Also included among the events that could have been chosen in the poll are the resignation of President Lusinchi's cabinet, the murder of Ibarra Riverol, the high cost of living, unemployment, the price hike for items of prime necessity, the Barrerales case and others; while 26 percent had no answer.

Question: How would you describe the effort that the present government is making on behalf of you personally?

	82-1	82-2	82-3	82-4	83-1	83-2	83-3	83-4	84-1	84-2	84-3	84-4	85-1	85-2
Base (total interviewed)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,000	2,000	2,000	2,000	2,000	2,000
Positively inclined	15	16	17	14	16	12	16	17	28	29	23	22	25	24
Neither positive nor negative	34	35	34	34	32	27	27	30	37	39	36	34	36	32
Negatively inclined	50	49	49	52	52	61	57	53	35	32	41	44	38	45



## Comparative Chart

Question: Comparing your personal economic situation with that a year ago, would you say that your situation now is...

	82-1	82-2	82-3	82-4	83-1	83-2	83-3	83-4	84-1	84-2	84-3	84-4	85-1	85-2
Base (total interviewed)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,000	2,000	2,000	2,000	2,000	2,000
Better than a year ago	10	13	14	18	11	7	8	13	9	9	7	7	15	11
The same good as a year ago	6	6	5	8	5	3	5	7	3	5	4	3	7	3
fair	35	28	27	29	24	23	22	32	29	27	23	23	32	21
poor	5	2	4	3	2	5	4	4	10	6	6	4	4	4
Worse than a year ago	42	50	50	41	57	61	60	43	48	52	60	62	42	61
Don't know/ refused to answer	2	1	1	1	1	1	1	1	2	1	1	*	1	*

VENEZUELA

MAS CANDIDATE FOR PRESIDENTIAL ELECTIONS

Caracas EL UNIVERSAL in Spanish 16 Jul 85 p 1-14

[Test] Yesterday, Senator Pompeyo Marquez declared that he was the only candidate for the presidency from MAS [Movement Toward Socialism] and, as such, would participate in the second phase of the party's national convention to be held next Saturday, 20 July, at which the MAS national authorities will be appointed.

These authorities are the president, secretary general, 45 principal members and 10 alternate members for the National Directorate, the chairmen of the National Disciplinary Council and the National Electoral Commission, and the internal auditor.

Marquez' statements were intended to explain that only one candidate was nominated by MAS for the presidency: Pompeyo Marquez; because according to the internal rules of the organization, the nominations were closed at 1200 hours on 10 July.

He added that, therefore, there is no regulatory possibility of making further nominations, and hence the story that a competitor for this position might show up at the last minute which has occurred in certain news media is a rumor.

He noted that being a single candidate is different from being a candidate by unanimous consensus; because the single candidacy means that, in the course of the process, no other comrade wanted to compete, regardless of whether disagreements might exist.

The MAS leader said that his candidacy was the result of backing from leaders and members belonging to the most varied party movements; because, "we have remained dissociated from affiliations with tendencies for a long time."

He went on to say, "We put the MAS candidacy for the presidency apart from the debate," because it was given an institutional nature, transcending confrontations, as a contribution to MAS' unity of action.

Marquez stressed what has been claimed among the members of MAS: the need for the party's institutional positions, the president and secretary general, on

the most varied levels, to be subjected to primary voting on the part of the group as a whole; for the Executive Committee, which will begin its operations after the meeting of the newly elected National Directorate, to be selected by the convention; and for the MAS candidates for council members to be chosen by the members from that district, and also that this take place at the time of the selection of candidates for legislators, deputies and senators, and the president of the republic.

In conclusion, he remarked that MAS is witnessing immense potential for growth, and for playing a major role in the national debate, agitated by a crisis of great proportions such as the one being experienced by Venezuela in our time.

2909

CSO: 3348/838

VENEZUELA

# CEV CONCLUDES 44TH CONGRESS, ISSUES PASTORAL

Caracas EL UNIVERSAL in Spanish 14 Jul 85 p1-14

[Text] At the end of its 44th Regular Assembly, the CEV [Venezuelan Episcopal Conference] declared the church on permanent mission until 1992 with an ambitious joint plan.

The press communique issued yesterday indicates that the Venezuelan church, in union with the church of all Latin America, is preparing to celebrate the fifth centennial of its evangelization. That is the reason for preparation of the pastoral plan whose features were discussed in the meeting at the CEV headquarters that ended yesterday.

Following is the text of the press communique:

At the end of its 44th Regular Assembly in Caracas, the CEV wants to repeat its profound allegiance to the Holy Father in perfect fellowship with him and with feelings of filial gratitude for his unforgettable apostolic trip to our fatherland.

In fellowship with the universal Catholic Church, we have evaluated the fruits of the Vatican II Council in preparation for the extraordinary synod that will be held in Rome next November to commemorate the 20th anniversary of the end of that great council. We are convinced that there is still much to do to consolidate the council guidelines.

In union with the church of all Latin America, we prepare to celebrate the fifth centennial of evangelization. Our church wants to prepare itself for these joyful events, declaring itself on permanent mission (1985-1992) with an ambitious joint pastoral plan.

Therefore, we propose as our general objective the formation of new men for a new Venezuela, men converted and renewed in the image of Christ, God and New Man who died and rose again to give life to the world.

This general objective that will serve as reference point for that plan becomes explicit in:

Evangelizing, proclaiming the name, doctrine, life, promises, kingdom and mystery of Jesus of Nazareth, Son of God;

Accompanying the Venezuelan people in their desire to construct a freer, more just and more democratic fatherland;

Offering what it has most: the message of Jesus Christ from the church for the good of man;

Starting with priority for the poor and the young;

Proclaiming the values of the Gospel to the constructors of society;

Doing this pastoral task in a planned and organized way; and

Announcing the final kingdom already mysteriously present in our land of hope.

We indicate four general lines of action that will direct all the efforts of the church: a profoundly evangelizing line; a markedly vocational line; a dynamically communicational line; and an authentically missionary line.

We also indicate four priority areas on which all efforts will concentrate: 1) family pastoral; 2) youth pastoral; 3) social pastoral; and 4) vocational pastoral.

At the same time that we take practical measures to begin work on this permanent mission, we will begin widespread consultation in all the diocese and at all ecclesiastical levels to implement various actions so that all the initiatives lead to the realization of this organic plan of our entire church.

Declaring ourselves on permanent mission, we are convinced we will contribute the specific service to the country that it might expect from us. We ask all Christians to unite in this joint pastoral plan.

We pray to the Lord to inspire us with His Spirit so that we can fulfill His mandate: "Go and preach the Gospel to all mankind."

7717

CSO: 3348/852

VENEZUELA

CUMANA BISHOP ON SOCIAL PACT, OTHER ISSUES

Caracas EL UNIVERSAL in Spanish 14 Jul 85 p 1-14

[Report on interview with Monsignor Mariano Parra Leon, bishop of Cumana:  
"Unemployment Can Precipitate Social Revolution"; date and place not specified]

[Text] The bishop of Cumana said that the Social Pact has not been effective and that the current government favors the businessman, forgetting the people who are confused by the promises it has been making to them.

In times of crisis like the country is going through now, the confidence of the people in the church increases because they understand that the church is not motivated by personal or private interests in the search for a solution to the very serious problems that occur.

Monsignor Mariano Parra Leon, bishop of Cumana, made this comment when talking about the results of the last Datos survey that gives the highest percentage of credibility to the church as the institution that does positive work for the good of the country. He indicated that the church has always had that confidence but feels that it is greater each day due to the impartiality demonstrated by that institution.

"It has always remained at the side of the people to solve their problems, not just the spiritual problems but the economic and social ones, too."

However, in that survey the percentage of those who think religion does not help solve today's problems is larger (52 percent) than the percentage of those who think the opposite. Looking at the reasons for this marked division of opinions, Monsignor Parra Leon indicated that, perhaps, in this time of crisis "the church has lacked effectiveness in confronting the difficulties that afflict the people."

"Naturally the situation concerns us. Just today (yesterday) at the Episcopal Conference we heard Dr Enrique Perez Olivares talk about the political and social situation in Venezuela now. It was a very interesting explanation that a bishop next to me even called exaggerated. However, I feel it was very realistic and sincere.

"He took 1.5 hours to disclose all the political and social problems that affect the fatherland. Of these, the most serious and worrisome is unemployment

since it can, at any time, produce chaos among the Venezuelan people. There can be a social revolution by those below, the underprivileged, against those above, those who have the money in their hands."

The church has answers to this situation. According to Monsignor Parra Leon, it is preparing immediate action to present the need to the national government to promptly solve the most acute problems.

"One of those solutions is the just and proper distribution of the wealth. The state has to favor the underprivileged and eliminate the privileges that are so odious to the Venezuelan people."

[Question] Within this concept, how do you view the Social Pact?

[Answer] It does not seem to me that the implementation of the Social Pact has been effective, precisely due to the lack of satisfaction in the majority of the people who do not resign themselves to the problems they suffer, especially unemployment. This has been a government that favors the businessman. The people have been forgotten, confused by the promises that the national government as well as the state governments have been making to them.

Parra Leon also laid into the political opposition, indicating that it has stayed dormant, distracted by its internal conflicts, "seeking to unite some against others and neglecting true systematic, doctrinal and operational opposition."

As advice and, perhaps more, as scolding, Parra Leon recommended to the politicians that "they fight the leash hard and truly and doctrinarily confront the government, abandoning the stupid quibbling that now characterizes the opposition in Venezuela."

He feels that the democratic system has had serious flaws that must be corrected in the near future. He indicated as one of them the uselessness of the National Congress and the legislative assemblies "to the point that the country would progress better without that useless congress and those incompetent legislative assemblies."

7717

CSO: 3348/852

END